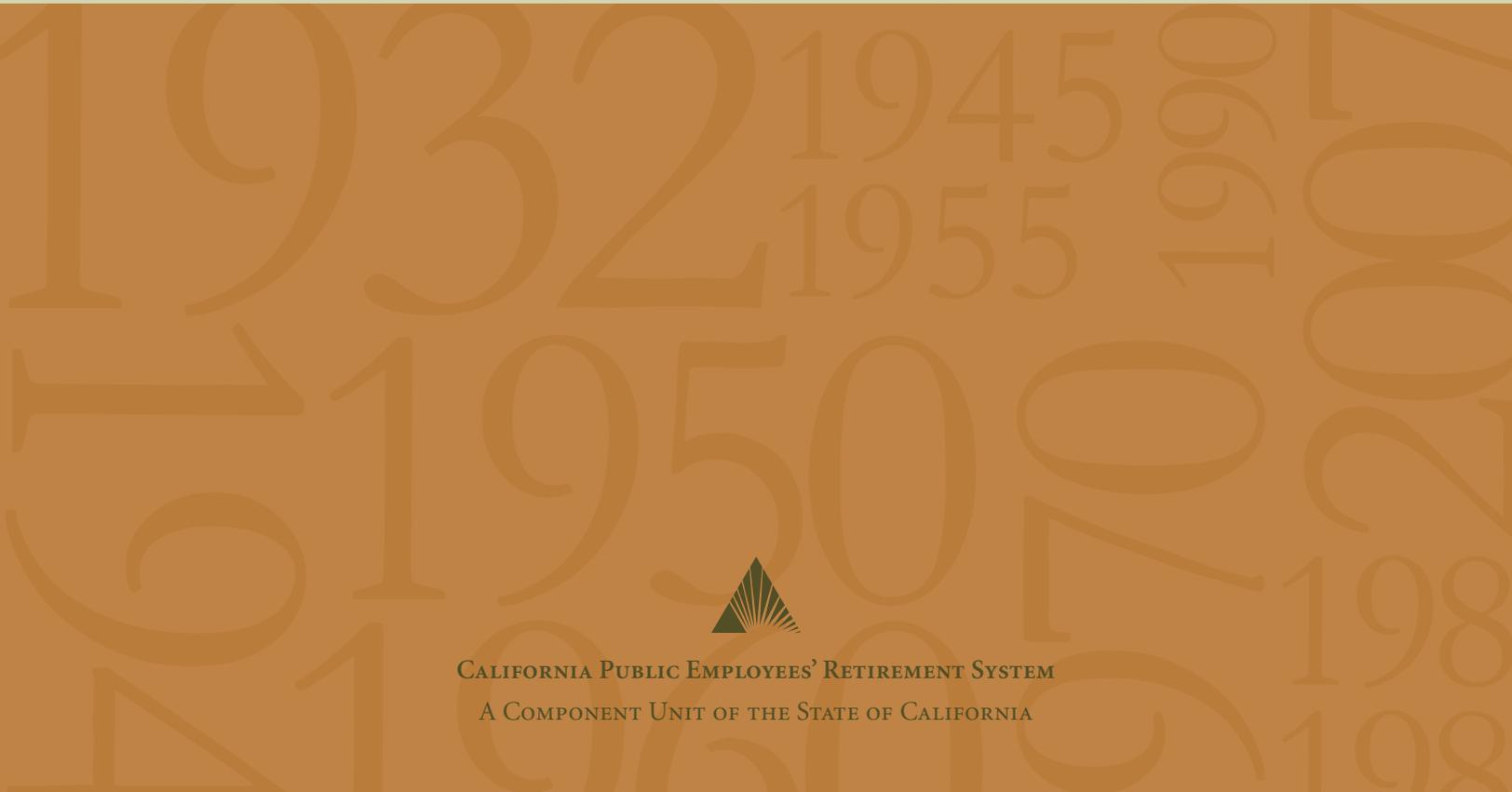


SOUND HISTORY SOLID FUTURE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2007



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
A COMPONENT UNIT OF THE STATE OF CALIFORNIA

SOUND HISTORY SOLID FUTURE

CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM



TABLE OF CONTENTS

**Comprehensive Annual Financial Report
California Public Employees' Retirement System
Year Ended June 30, 2007
Fred Buenrostro, Chief Executive Officer**

INTRODUCTORY SECTION

Chief Executive Officer's Letter of Transmittal	2
CalPERS Organizational Chart	6

FINANCIAL SECTION

Report of Independent Accountants	8
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MANAGEMENT'S DISCUSSION & ANALYSIS	10
------------------------------------	----

BASIC FINANCIAL STATEMENTS

Statement of Fiduciary Net Assets — Fiduciary Funds	32
Statement of Changes in Fiduciary Net Assets — Fiduciary Funds	34
Statement of Net Assets — Proprietary Funds	36
Statement of Revenues, Expenses & Changes in Fund Net Assets — Proprietary Funds	37
Statement of Cash Flows — Proprietary Funds	38
Notes to the Basic Financial Statements	39

REQUIRED SUPPLEMENTAL SCHEDULES

Required Supplemental Schedule of Funding Progress — Pension Trust Funds	60
Required Supplemental Schedule of Employer Contributions — Pension Trust Funds	62
Required Supplemental Schedule of Funding Progress — Other Post-Employment Benefit Trust Fund	64
Required Supplemental Schedule of Employer Contributions — Other Post-Employment Benefit Trust Fund	65
Notes to Required Supplemental Schedules	66
Required Supplemental Schedule of Claims Development Information	67

SUPPORTING SCHEDULES AND AGENCY FUNDS

Administrative Expenses — All Funds	72
Investment Expenses — PERF and Other Funds	73
Consultant & Professional Services Expenses — PERF	78
Statement of Changes in Assets & Liabilities — Agency Funds	81

INVESTMENT SECTION

Chief Investment Officer's Letter	84
Summary of Investments — PERF	85
Investment Performance — PERF	86
CalPERS Asset Allocations — PERF	87
Portfolio of California Investments at Market Value — PERF	88
Largest Stock & Bond Holdings at Market Value — PERF	89
Schedule of Commissions & Fees — PERF	90

TABLE OF CONTENTS (continued)

INVESTMENT SECTION (CONTINUED)

Schedule of Fees & Costs for Private Equity Partners — PERF	93
Schedule of Fees & Costs for Absolute Return Strategies Program — PERF	95
Investment Performance — JRF II	96
Investment Performance — LRF	97
Investment Performance — VFF	98

ACTUARIAL SECTION — BASED ON ACTUARIAL VALUATIONS AS OF JUNE 30, 2006

CalPERS Actuarial Certification	100
CalPERS Actuarial Methods & Assumptions	101
Changes Since Prior Valuation	104
Summary of Funding Progress	105
Exhibit A - Funding Progress — Unfunded Liability & Funded Ratios	106
Exhibit B - Funding Progress — Solvency Test	108
Exhibit C - Sample Pay Increase Assumptions for Individual Members	111
Exhibit D - Sample Non-Economic Assumptions	113
Exhibit E - Single Life Retirement Values	122
Exhibit F - History of Member Salary Data	122
Exhibit G - Members in Valuation	123
Exhibit H - Schedule of Retirees & Beneficiaries Added to & Removed from Rolls	128
Actuarial Certifications — Other Systems	129

STATISTICAL SECTION

RETIREMENT PROGRAMS

Expenses by Type — Retirement Programs	132
Revenues by Source — Retirement Programs	134
Changes in Net Assets — Retirement Programs	136
Membership & Retirement Data — Retirement Programs	138
CalPERS Program Data	140
CalPERS Public Agency Employers	148
Judges' Retirement System Program Data	163
Judges' Retirement System II Program Data	166
Legislators' Retirement System Program Data	169
Volunteer Firefighters' Length of Service Award System Program Data	173

OTHER PROGRAMS

Expenses & Revenues — Enterprise Funds	176
Health Benefits Program Data	178
Deferred Compensation Program Data	189
Long-Term Care Program Data	190

Certificate of Achievement for Excellence in Financial Reporting

Presented to

California Public Employees' Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Thomas J. Blum
President

Jeffrey P. Egan
Executive Director



Public Pension Coordinating
Council
**Public Pension Standards
2007 Award**

Presented to

**California Public Employees'
Retirement System**

In recognition of meeting professional standards
for
plan design and administration as
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating
Council, a confederation of*

National Association of State Retirement
Administrators (NASRA)
National Conference on Public Employee
Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

INTRODUCTORY SECTION

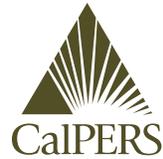
A SOUND HISTORY In the 1920s, inspired by a climate of sweeping national reforms, a small but dedicated group of California workers rallied for a cause of their own—a retirement system for State employees. They hoped to provide retirees with financial security and the State a more efficient workforce.

The workers fought against both political opposition and public apathy, waging a vigorous campaign when the matter went before voters in 1930—and they triumphed. In January 1932, the doors of the State Employees' Retirement System (SERS) opened.

Left: Elderly men sleeping in a Sacramento Men's Shelter, 1930. Right: Advertisement for Proposition 5, 1930. Background: Governor James Rolph signing the State Employees' Retirement Act, 1931.

1920-30





Fred Buenrostro
Chief Executive Officer

December 19, 2007

Members of the CalPERS Board of Administration:

I am pleased to present the CalPERS Comprehensive Annual Financial Report (CAFR) and accompanying Operations Summary for the year ended June 30, 2007.

Fiscal year 2006-07 was a landmark year for CalPERS as we celebrated the 75th anniversary of our organization. Our present strength and commitment to members and employers are rooted in our sound history. That history — and the principles upon which we were founded — guide our activities and point the way toward a solid future.

Our investment return for the year ended June 30, 2007 was an exceptional 19.1 percent — the highest gain in nearly a decade. This marks the fourth consecutive year of double-digit returns. The outstanding performance is attributed to both our strategic asset allocation, which positions us to take advantage of strong market performance, and the value added by our Investment Office staff. At the end of the fiscal year, our net assets were at \$251.1 billion — \$39.9 billion more than last year and nearly double what they were just five years ago. As a result of our superior returns, many of our plans are fully funded.

During the year, our investment team began to expand and explore several innovative opportunities, including infrastructure, clean technology, and health care investments. We also embarked on a new initiative to leverage our dual roles as a leading health benefits purchaser and an investor. Proxy access was our top corporate governance initiative during the year, and in 2007, our shareowner proposals had an average investor vote support of more than 60 percent. In addition, we continued to pursue initiatives in the areas of executive compensation and environmental disclosure.

As the fiscal year began, we finalized a new three-year business plan in support of our Strategic Plan. Many of the

CEO LETTER OF TRANSMITTAL (continued)

objectives outlined in the plan will move us toward realization of our vision to become an integrated full-service provider of retirement and health-related products and services that benefit members and employers.

An important element of our Strategic Plan is our Diversity Outreach Program, which continues to expand. Through this program, we promote diversity and understanding within our organization and seek a broad talent pool for our many contracts with private businesses. One of the most visible parts of our commitment to diversity is our effort in the investment arena. Last year, we partnered with CalSTRS and Altura Capital to create a database of more than 700 emerging firms that we can call on to compete when looking for future investment partners.

On the health care front, we held overall premium increases to the lowest level in 10 years. The modest increase of 6.3 percent was made possible as a result of several steps we have taken over the past few years to control costs and add value to our Health Program. We will continue to address the drivers of health care costs through participation in various initiatives and activities in the areas of value purchasing, disease management, and health care investments.

A five-year project to create a new enterprise-wide corporate database system advanced significantly during the year. The system uses a Web-based technological platform that will enhance our capacity for responsive service. In conjunction with the development of the new system, we established an Enterprise Transition Management Project to provide change management and ensure that our employees have the skills and knowledge to use the new technology. We also created an Employer Advisory Group to obtain employer input and feedback on system design and training material.

Our responsiveness to the needs of public employers was evident during the year as we launched the California Employers' Retiree Benefit Trust Fund (CERBTf). CERBTf will enable participating public employers to invest money with CalPERS to prefund future OPEB (other post-employment benefit) liabilities. A recent Governmental Accounting Standards Board (GASB) rule requires public employers to report such liabilities in their financial statements.

It is appropriate that during our 75th anniversary year, the economic impact of the benefits we pay to retirees was measured. According to a study conducted by the Applied Research Center of Sacramento State University, the benefits paid to retirees of CalPERS during the 2006 calendar year generated \$11.8 billion in total economic impact on the State economy. Much of that impact came from the "ripple effect" of retirees' income in the form of spending, jobs, and annual payroll.

In 2007, we were honored with a Sacramento Workplace Excellence (SWEL) award. CalPERS was selected for the award from among more than 85 nominated companies. The award recognizes our work environment, benefits and programs, and core values as well as the community involvement of our employees. All of our employees share in this award, which affirms our status as a destination workplace in the region.

Throughout the year, our staff worked well as a team, and successfully met a number of organizational goals. I appreciate the dedication and professionalism of all employees. Together, they are the finest workforce in the State. Looking to the future, I know I can count on each staff member to continue to excel in meeting the needs of our members and employees. I also want to thank the Board for their guidance and responsiveness.

I encourage you to review the information in this report. It provides information on all the programs administered by CalPERS: Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), Volunteer Firefighters' Length of Service Award Fund (VFF), State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), Health Care Fund (HCF), Contingency Reserve Fund (CRF), Old Age & Survivors' Insurance Revolving Fund (OASI), Replacement Benefit Fund (RBF), Supplemental Contributions Program Fund (SCPF), Long-Term Care Fund (LTCF), Deferred Compensation Fund (DCF), Public Agency Deferred Compensation Program (IRC 457), Special Deposit Fund (SDF), and the California Employers' Retiree Benefit Trust Fund (CERBTf).

Beginning in 1932, the System began providing services to State employees. In 1939, public agencies and school districts were allowed to contract with CalPERS to provide

CEO LETTER OF TRANSMITTAL (continued)

retirement benefits for their employees. While primarily responsible for administering retirement, death, and health benefits, CalPERS also administers supplemental retirement savings plans and long-term care insurance. As a service to members and employers, a variety of educational workshops and seminars are also offered.

Management Responsibility for Financial Reporting

The CalPERS financial statements included in this CAFR for the 2006-07 fiscal year have been prepared by System management, which is responsible for the integrity and fairness of the data presented, including the many amounts that out of necessity must be based on estimates and judgments. The accounting policies followed in preparation of these financial statements conform with accounting principles generally accepted in the United States. Financial information presented throughout this Annual Report is consistent with these financial statements.

CalPERS maintains a system of internal controls designed to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. In addition, internal audit personnel provide a continuing review of the internal controls and operations of CalPERS, and the Chief of the Office of Audit Services regularly reports to the CalPERS Board of Administration's Finance Committee. The Committee reviews the audit findings and recommendations for improvements in internal control and operational efficiency and the actions of management to implement such recommendations.

Our new independent external auditors, Macias Gini & O'Connell, have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America, performing such tests and other procedures as they deem necessary to express an opinion in their report to the Board. The external auditors also have full and unrestricted access to the Board to discuss their audit and related findings as to the integrity of the financial reporting and adequacy of internal control systems.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate

of Achievement for Excellence in Financial Reporting to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the 11th consecutive year that CalPERS has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Accounting System & Reports

Management is responsible for establishing and maintaining an internal control structure designed to ensure that CalPERS assets are protected from loss, theft, or misuse, and income is equally distributed. Responsibility for the accuracy, completeness, and fair presentation of the information, and all disclosures, rests with CalPERS. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The basic financial statements are presented in accordance with pronouncements of the Governmental Accounting Standards Board (GASB), including standards established by GASB Statement No. 25, Financial Reporting for Defined Benefit Plans; GASB Statement No. 34, Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments; GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans; and other GASB statements as appropriate.

GASB Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The CalPERS MD&A can be found immediately following the report of the independent auditors.

CEO LETTER OF TRANSMITTAL (continued)

Investments

Proper funding and healthy long-term investment returns are essential to the financial soundness of CalPERS. The ratio of investment earnings to total revenue during the last 10 years is evidence of the System's continued solid financial management.

Asset Allocation

An integral part of the overall investment policy is the strategic asset allocation policy. This policy is designed to provide an optimal mix of asset class investments which can best meet future pension obligations with the lowest risk possible and the lowest cost to taxpayers, employers, and employees. This approach emphasizes strong diversification among a range of investments, each of which offers the prospect of compelling, long-term returns. These investments include allocations to listed markets (money markets, bonds, global stocks, and commodities) as well as private markets (real estate, private equity, hedge funds, forestland, and infrastructure).

Funding

The bottom line for a retirement system is its level of funding. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and the need for contributions will be reduced. Also, an adequate funding level gives participants assurance that their pension benefits are secure.

The historical level of funding for the PERF is good. As of June 30, 2006, the PERF is 87.2 percent funded, using "smoothed" assets, and 92.6 percent funded, using market value of assets. The advantages of a well-funded plan are that participants can see assets that are irrevocably committed to the payment of promised benefits, and employees and taxpayers can minimize their contributions in support of defined benefits. The Required Supplemental Schedules to the Basic Financial Statements and the Actuarial Section contain a summary of CalPERS unfunded actuarial accrued liabilities.

Investment returns are used to generate additional revenues and, ultimately, this allows CalPERS to reduce employer contribution rates, reducing pension costs to employers and taxpayers.

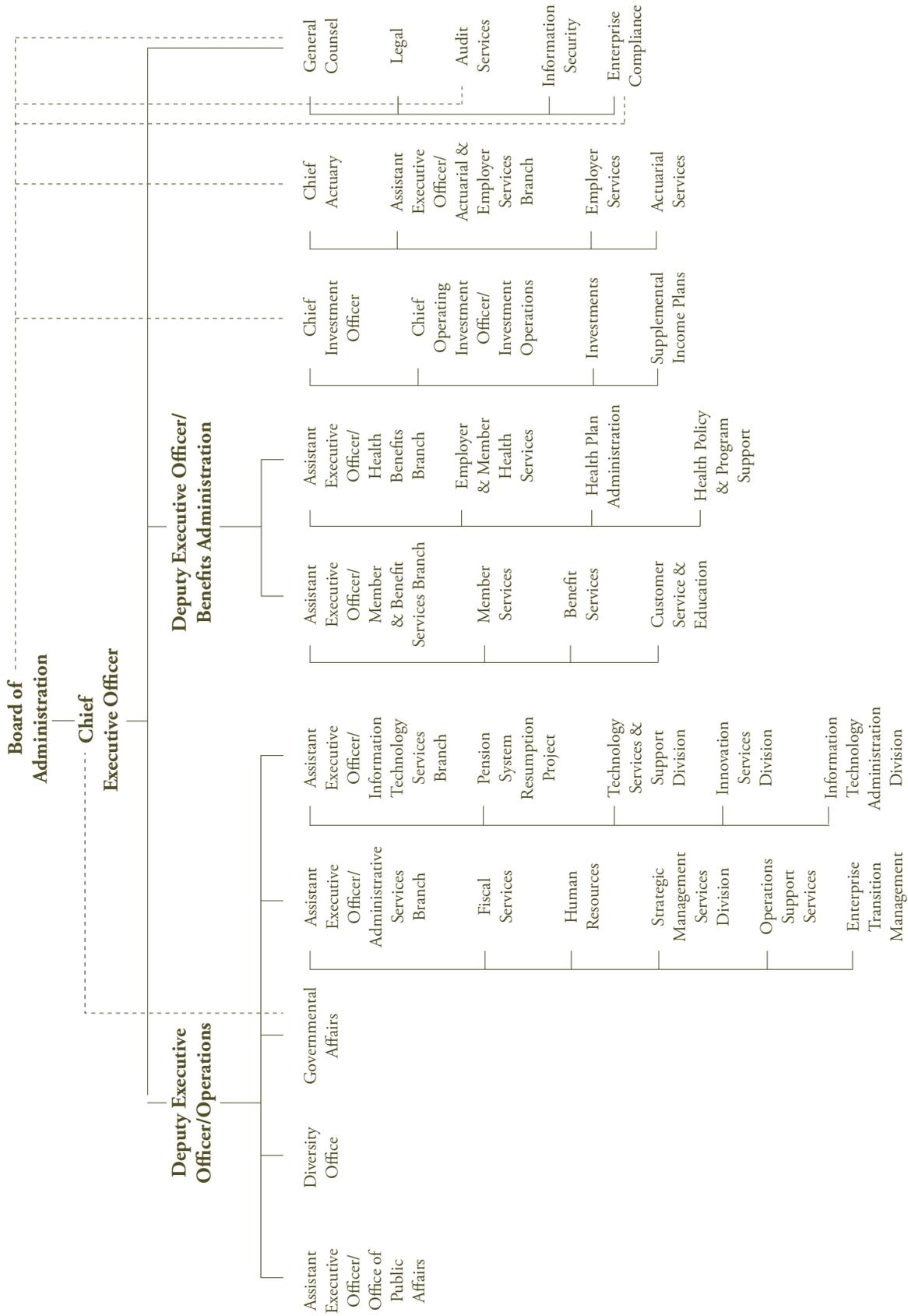
In Closing...

The individuals who initiated the creation of our organization 75 years ago had a vision to provide for the financial security of public employees throughout retirement. While we have grown far beyond what they could have imagined, our vision today is an extension of their plan.

As we explore ways for CalPERS to become a full-service provider of retirement and health-related products and services, we will take a long-term approach. Our guiding principle as we pursue new opportunities will be to do it thoughtfully and deliberately in a way that ensures a solid future for our organization and those we serve.

Fred Buenrostro
Chief Executive Officer

CALPERS ORGANIZATIONAL CHART



Note: A list of investment professionals who have provided services to CalPERS can be found on page 90.

PENSION PLAN SERVICES The United States was in the throes of its worst economic crisis when California's new public retirement system opened for business. Leadership of the State Employees' Retirement System (SERS) steered the System deftly through the havoc of the Great Depression, methodically putting in place initial benefit plans.

The System grew sturdy enough to support the addition of local public agencies that joined in 1939 to access benefits for their employees. Benefits improved in the 1940s and 1950s, with the System offering a more generous formula. Throughout this time, SERS kept its focus on its members and employers, building new and better ways to provide retirement benefits and other services.

Left: State Employees' Retirement System Handbook, 1940. Right: CalPERS First Executive Officer Earl Chapman, 1946. Background: Employees of local public agency, Palo Alto city utility crew, 1950.

1940-50



REPORT OF INDEPENDENT ACCOUNTANTS



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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Independent Auditor's Report

**To the Board of Administration
California Public Employees' Retirement System
Sacramento, California**

We have audited the accompanying statement of fiduciary net assets of the fiduciary funds and the statement of net assets of the proprietary funds of the California Public Employees' Retirement System (the System or CalPERS), a component unit of the State of California, as of June 30, 2007, and the related statement of changes in fiduciary net assets of the fiduciary funds, and the statements of revenues, expenses and changes in net assets and cash flows of the proprietary funds for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2006 financial statements which were audited by other auditors whose report dated November 14, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the fiduciary funds and the net assets of proprietary funds of the California Public Employees' Retirement System as of June 30, 2007, and the changes in fiduciary net assets of the fiduciary funds and the changes in net assets and cash flows of the proprietary funds for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

REPORT OF INDEPENDENT ACCOUNTANTS (continued)

As discussed in Note 2, effective July 1, 2006, the System adopted the provisions of Governmental Accounting Standards Board Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.

As discussed in Note 5, actuarial data presented for the California Employers' Retirement Benefit Trust Fund was derived from actuarial valuations performed by actuarial firms engaged by participating employers. Actuarial valuations must comply with the CalPERS OPEB Assumption Model, which requires the use of specified actuarial methods and assumptions.

As also discussed in Note 5 to the financial statements, actual contributions made by the State of California to the Judges' Retirement Fund were significantly less than the actuarially determined annual required contribution. State of California contributions were used to fund benefit payments of the current period. As such, the Judges' Retirement Fund does not retain the accumulated contributions of active members. Management and legal counsel believe the State of California is legally required to provide contributions to fund benefits when due.

The Management's Discussion and Analysis on pages 10 through 30, the Schedules of Funding Progress on pages 60, 61, and 64, and the Schedules of Employer Contributions on pages 62, 63, and 65 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants

Sacramento, California
November 13, 2007

MANAGEMENT'S DISCUSSION & ANALYSIS

This section presents management's discussion and analysis of the California Public Employees' Retirement System (CalPERS) financial performance during the fiscal year ended June 30, 2007, and is presented as a narrative overview and analysis in conjunction with the Chief Executive Officer's Letter of Transmittal included in the Introductory Section of the CalPERS Comprehensive Annual Financial Report. The Management's Discussion and Analysis should be read in conjunction with the basic financial statements of CalPERS, as presented in the Comprehensive Annual Financial Report.

In addition to the historical information, the Management's Discussion and Analysis includes certain forward-looking statements which involve certain risks and uncertainties. CalPERS actual results, performance, and achievements may differ materially from the results, performance, and achievements expressed or implied in such forward-looking statements, due to a wide range of factors, including changes in interest rates, changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

CalPERS is primarily responsible for administering retirement and health benefits, as well as administering supplemental retirement savings plans. CalPERS comprises a total of 17 funds, including five defined benefit pension funds, one other post-employment benefit fund, four defined contribution pension funds, four proprietary funds, and three agency funds. The Public Employees' Retirement Fund (PERF) is the primary fund administered by CalPERS.

Financial Highlights

Public Employees' Retirement Fund (PERF)

- The net assets of the PERF increased by \$39.9 billion, or 18.9 percent. The increase was primarily due to strong returns in public and private equity investments.
- The PERF net rate of return on investments of 19.1 percent on a market value basis was an increase from the 11.8 percent rate of return in the prior fiscal year. For the fourth year in a row, CalPERS achieved double-digit investment returns, the highest in nearly a decade. Led by returns in Global Equity and Private Equity, the Real Estate, Risk Managed Absolute Return Strategies and Fixed Income programs all contributed to

the 19.1 percent net rate of return for the 2007 fiscal year. The 19.1 percent net rate of return will not impact employer contribution rates until the 2008 fiscal year for the State and school employers and 2009 fiscal year for public agency employers.

- As of June 30, 2006, the date of the most recent actuarial valuation, the PERF is funded at 87.2 percent, based on the actuarial value of assets, which is nearly the same as the June 30, 2005, funded level. This stability in the funded status results from the asset smoothing methodology used. A better measure of benefit security is the funded status on a market value of assets basis; on that basis, the funded status rose from 89.9 percent at June 30, 2005, to 92.6 percent at June 30, 2006.
- The PERF paid \$10.1 billion in retirement benefits to 455,208 annuitants during 2007, compared to \$9.2 billion paid to 441,277 annuitants during the 2006 fiscal year. Benefit payments increased primarily due to an increase in the number of new retirees and cost-of-living adjustments (COLA).
- The total active and inactive membership was 1,086,900 at June 30, 2007. The PERF received \$3.3 billion in employee contributions from 822,624 active members and \$6.4 billion in employer contributions from 1,561 employers during fiscal year 2007, compared with \$3.1 billion and \$6.1 billion in employee and employer contributions respectively, in fiscal year 2006.

Additional financial information related to the other pension funds administered by CalPERS is included in the Financial Analysis Section of the Management's Discussion and Analysis.

Health, Other Post-Employment Benefits & Long-Term Care Programs

- The CalPERS self-funded health care program earned \$103.3 million from operations, and unrestricted net assets increased by \$123.4 million to \$448.6 million. This increase can be attributed to an increase in self-insurance premiums and savings from pharmacy initiatives.
- The first contributions to the California Employers' Retiree Benefit Trust Fund (CERBTFF) of \$11.5 million were received, with investment losses of \$29,000 and no benefit disbursements. The net asset value of the CERBTFF at June 30, 2007 was \$11.4 million.

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

- The unrestricted net assets of the CalPERS Long-Term Care Program amounted to a deficit of \$842.3 million at June 30, 2007. This amounts to an average deficit of \$4,914 for each of the 171,412 enrollees. The Long-Term Care Program collected \$241.5 million in premiums, and the approximate average annual premium per person was \$1,409. The deficit of \$842.3 million is a deficit increase of \$70.8 million from the deficit of \$771.5 million of June 30, 2006. The major source of the deficit increase is the increased costs associated with longer life expectancy, which were partially offset by the greater than expected investment income.

Critical Accounting Policies

CalPERS basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). CalPERS significant accounting policies are presented in Note 2 to the basic financial statements, which are included in this Comprehensive Annual Financial Report. CalPERS follows accounting policies to comply with various applicable laws and regulations and the guidelines as established by the Governmental Accounting Standards Board (GASB).

CalPERS most significant management accounting policies relate to the following:

Investments

All investments are reported at fair value. Many factors are considered in arriving at fair value. The fair value of investments in publicly held securities are generally based on actual market prices and quotations from major investment firms. In general, corporate bonds that do not have a published market price are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The CalPERS Investment Office securities analysts or outside experts determine the criteria to identify comparable securities based on the size, industry, and profitability of the company offering the securities and the term, rate, and dollar amount of the security.

Mortgages are valued on the basis of the timing of future principal payments and the amount of interest payments discounted at prevailing interest rates for similar instruments. The prevailing interest rates for mortgages are generally based

on the 30-year Treasury note rate, which can be found in financial publications. Market interest rate changes impact the likelihood of refinancing activity, which impacts the value of the mortgage investments. Declining interest rates will cause the value of mortgage investments to increase, but at a slower rate than non-callable similar duration securities.

The fair value of real estate investments, principally rental property subject to long-term net leases, is estimated based on independent appraisals. The appraisals are performed by CalPERS-approved appraisers who meet specific professional qualifications. Appraisals are estimates of current value and are based on three methods: the income approach, the cost approach, and the comparative sales approach. The three approaches are then compared and the appraiser determines the most appropriate valuation for the property. The appraisal process involves a significant amount of judgment, and changes in the real estate marketplace are not immediately taken into consideration, as the appraisals are performed annually.

Short-term investments are reported at fair value, when available, or at cost plus accrued interest, when quoted market values are not available.

Alternative investments consist of investments in a variety of markets and industries through partnerships, co-investments, direct investments, and other investment vehicles. For these investments, and others where no readily ascertainable market value exists, management, in consultation with investment advisors, determined the fair values for the individual investments. Management takes into consideration factors such as the book value, based on audited financial statements, the current and projected income generated by the investment, and the cost of the investment. These estimates are, by their nature, subjective and based on judgment. Hedge funds are valued at fair value.

CalPERS, through outside investment managers, holds investments in futures and options and enters into forward foreign currency exchange contracts. The fair value of futures, options, and forward foreign currency exchange contracts are determined based upon quoted market values.

CalPERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contract. CalPERS investment managers seek to control this risk

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. Investment performance rates of return for asset classes and total funds are prepared using pre-audit asset data by Wilshire Associates. The returns are based solely on Wilshire Associates' compilation and analysis of the data as provided by the master custodian, State Street Bank.

Actuarial Valuation

Actuarial valuations are used to determine the cost of pension benefits payable to the members of CalPERS who participate in the PERF, the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), and the Volunteer Firefighters' Length of Service Award Fund (VFF), as well as the related required contribution rates. The actuarial valuations include a number of significant assumptions, including the actuarial valuation method used, the asset valuation method, the rate of return on the investment portfolio, rate of inflation, projected salary increases, post retirement benefits, and the life expectancy of members and beneficiaries. Significant actuarial assumptions used in the valuations are included in the Notes to Required Supplemental Schedules on page 66.

Estimated Liabilities

The Public Employees' Health Care Fund (HCF) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported (IBNR). The estimated claims liability was calculated by the HCF's third-party administrator, using a variety of actuarial and statistical techniques, and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to an expense in the periods in which they are made. The estimated claims liability is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to the fiscal year end, but have not been reported to the HCF.

The Public Employees' Long-Term Care Fund (LTCF) estimates the required funding level to provide for the payment of future claim benefits. This estimate is

predicated upon participation levels that are expected to be achieved by the program. The LTCF establishes the current liability for future benefits based on the present value of such future benefits and expenses, less the present value of expected future premiums.

An actuarial valuation establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The liability for future policy benefits was calculated by using a variety of actuarial and statistical techniques.

The actuarial valuations for the CERBTf are conducted by outside actuarial firms that must base their valuations on the CalPERS OPEB Assumption Model. This model requires the use of actuarial methods and assumptions similar to those employed for the PERF. An additional assumption used for the CERBTf is the health care cost trend rate. The actuarial valuation estimates the cost of future health and other post-employment benefit insurance premiums for current and retired participating employees.

Overview of the Financial Statements

The Management's Discussion and Analysis provides an introduction to and overview of the CalPERS basic financial statements, which comprise the following components: fund financial statements, notes to the financial statements, required supplementary information, and other supplementary schedules. Collectively, this information presents the combined net assets held in trust for pension benefits, other post-employment benefits, and the combined unrestricted net assets for each of the other funds administered by CalPERS as of June 30, 2007. It also summarizes the combined changes in net assets held in trust for pension and other post-employment benefits, the combined changes in unrestricted net assets, and the cash flows of the proprietary funds for the year then ended, along with an actuarial view on the funding status of the defined benefit plans. The information available in each of these sections is briefly summarized as follows.

Fund Financial Statements

At June 30, 2007, financial statements are presented for the two types of funds administered by CalPERS: fiduciary funds and proprietary funds.

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Fiduciary Funds — include pension trust funds, one other post-employment defined benefit fund, and agency funds. The defined benefit plans administered by CalPERS include the PERE, LRF, JRF, JRF II, and the CERBTf. The defined contribution plans administered by CalPERS include the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Replacement Benefit Fund (RBF) and the Supplemental Contributions Program Fund (SCPF). The remaining fiduciary funds are the VFF, an award system, the Old Age & Survivors' Insurance Revolving Fund (OASI), the Special Deposit Agency Fund (SDF), and the Contingency Reserve Agency Fund (CRF). The fiduciary funds are used to account for resources held for the benefit of CalPERS participants. A statement of fiduciary net assets and a statement of changes in fiduciary net assets are presented for the fiduciary funds as of and for the year ended June 30, 2007, along with comparative total information as of and for the year ended June 30, 2006. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year end, as well as the changes in those resources during the year.

Proprietary Funds — include the following enterprise funds: the Public Employees' Health Care Fund (HCF), the Public Employees' Contingency Reserve Fund (CRF), the Public Employees' Long-Term Care Fund (LTCF), and the Public Employees' Deferred Compensation Fund (DCF). Proprietary funds are used to account for CalPERS business-type activities, where fees are charged to cover the costs of certain services, including long-term care, health care, and other benefits. A statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows are presented for the proprietary funds as of June 30, 2007, and for the year then ended, along with comparative total information as of and for the year ended June 30, 2006. These financial statements reflect the net assets of, changes in net assets of, and cash flows from CalPERS business-type activities.

Notes to the Basic Financial Statements

The financial statement notes provide additional information that is essential to a full understanding of the information provided in the fund financial statements. Information available in the notes to the financial statements is described below.

Note 1 — provides a general description of CalPERS, as well as a concise description of each of the funds administered by CalPERS. Information regarding employer and member participation in the pension plans administered by CalPERS is also provided.

Note 2 — provides a summary of significant accounting policies, including the basis of accounting for each of the fund types, investment accounting policies, management's use of estimates, information regarding the implementation of new accounting pronouncements, and other significant accounting policies.

Note 3 — provides information on cash and cash equivalents.

Note 4 — describes investments, including investing authority, investment risk categorizations, and additional information about cash, securities lending, and derivatives.

Note 5 — provides information about employer contributions to the pension and other post-employment benefit funds administered by CalPERS.

Note 6 — provides information on commitments.

Note 7 — provides information on potential contingencies of CalPERS.

Note 8 — provides detailed information on the estimated claims liability of the HCF.

Note 9 — provides information regarding the LTCF June 30, 2007 actuarial valuation.

Note 10 — provides information regarding the funded status and actuarial assumptions for the CERBTf.

Note 11 — provides information regarding the eventual transfer of VFF assets.

Required Supplementary Information

Because of the long-term nature of a public defined benefit pension plan and other post-employment benefit plans, financial statements for the past year alone cannot provide sufficient information to properly reflect the funded position of the plans. Therefore, in addition to the basic

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

financial statements, two required schedules of historical trend information related to the defined benefit and other post-employment benefit plans are presented as part of the Required Supplementary Information (RSI) section of the basic financial statements. These two schedules are the Required Supplemental Schedule of Funding Progress and the Required Supplemental Schedule of Employer Contributions. These two schedules are based on the actuarial valuations for the pension plans performed by CalPERS actuaries and the other post-employment benefits sponsoring employer actuaries, and provide additional actuarial information that contributes to the understanding of the changes in the actuarial funding and the funded status of these defined benefit and other post-employment benefit plans over the past 10 years. The actuarial information is based upon assumptions made about future events at the time the valuations were performed, and, therefore, the amounts presented are management's estimates. Also included as part of the RSI is the Required Supplemental Schedule of Claims Development Information for the HCF.

Other Supplementary Schedules

Other schedules include detailed information on administrative expenses incurred by CalPERS-administered funds, as well as investment and other professional services expenses incurred.

Financial Analysis of CalPERS Funds

Public Employees' Retirement Fund (PERF)

Plan Net Assets

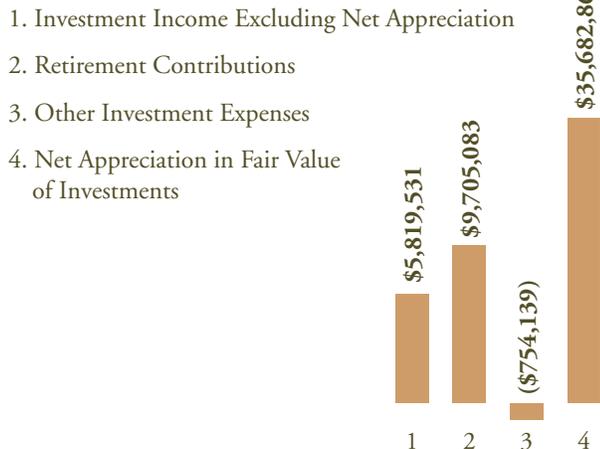
The PERF provides retirement benefits to State of California and other California public agency employees. PERF benefits are funded by member and employer contributions and by earnings on investments. The PERF net assets held in trust for benefits at June 30, 2007 were \$251.1 billion, an increase of \$39.9 billion (18.9 percent) from \$211.2 billion at June 30, 2006.

Additions to PERF net assets held in trust for benefits include employer and member contributions, as well as investment income. For the 2007 fiscal year, employer and member contributions totaled \$9.7 billion, an increase of \$0.5 billion (5.8 percent) from the 2006 fiscal year. The increase in required contributions was due primarily to an increase in participants. The PERF recognized net investment income of \$40.7 billion for the 2007 fiscal year, compared with a net investment income of \$22.0 billion for the 2006 fiscal year.

Deductions from PERF net assets held in trust for benefits consist primarily of retirement, death, and survivor benefits, refunds, and administrative expenses. For the 2007 fiscal

Additions — PERF

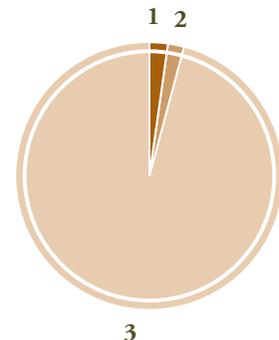
(Dollars in Thousands)



Deductions — PERF

(Dollars in Thousands)

- Administrative Expenses - \$278,453
- Contribution Refunds - \$181,574
- Retirement Benefits - \$10,070,555



MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Net Assets — PERF

(Dollars in Thousands)

	2007	2006	Total Percentage Change
Assets			
Cash, Cash Equivalents & Total Receivables	\$5,862,421	\$4,291,764	36.6%
Investments	251,396,742	212,067,935	18.5
Securities Lending Collateral	46,337,538	38,011,353	21.9
Capital Assets & Other	397,813	391,636	1.6
Total Assets	\$303,994,514	\$254,762,688	19.3%
Liabilities			
Retirement Benefits in Process of Payment, Investment Settlement & Other	\$6,534,294	\$5,560,534	17.5%
Securities Lending Obligations	46,337,538	38,011,353	21.9
Total Liabilities	\$52,871,832	\$43,571,887	21.3%
Total Net Assets	\$251,122,682	\$211,190,801	18.9%

Changes in Net Assets — PERF

(Dollars in Thousands)

	2007	2006	Total Percentage Change
Additions			
Member Contributions	\$3,262,699	\$3,080,879	5.9%
Employer Contributions	6,442,384	6,095,029	5.7
Investment Income	40,748,261	22,041,265	84.9
Other	9,119	—	—
Total Additions	\$50,462,463	\$31,217,173	61.6%
Deductions			
Retirement Benefits	\$10,070,555	\$9,236,073	9.0%
Refund of Contributions	181,574	170,929	6.2
Administrative Expenses	278,453	236,212	17.9
Other Expenses	—	14,039	—
Total Deductions	\$10,530,582	\$9,657,253	9.0%
Increase in Net Assets	\$39,931,881	\$21,559,920	85.2%

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

year, retirement, death, and survivor benefits totaled \$10.1 billion, an increase of \$0.9 billion (9.0 percent) from the 2006 fiscal year. The increase in benefit payments was primarily a result of an increase in the number of retirees from 441,277 to 455,208 and COLA increases. For the 2007 fiscal year, the costs of administering the PERF benefits amounted to \$278.5 million, an increase of approximately \$42.2 million (17.9 percent) from the 2006 fiscal year due to the resumption of information technology projects and increased operating costs.

On a per member and beneficiary basis, the cost of administering PERF benefits during the 2007 fiscal year was approximately \$181 per individual, an increase of approximately \$22 per individual from the 2006 fiscal year.

An actuarial valuation of PERF assets and benefit obligations is performed annually. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the PERF was 87.2 percent, a slight decline of 0.1 percent from the funded status at June 30, 2005. The amount by which PERF actuarial benefit liabilities exceeded actuarial assets was \$29.0 billion at June 30, 2006, compared with a \$26.6 billion funding deficit at June 30, 2005. This increase relates primarily to the recognition of actuarial losses from prior fiscal years when the PERF incurred negative investment returns. Current year earnings will affect future years' funded status and contribution rates using the CalPERS policy of actuarial asset smoothing.

Investments

PERF investments, excluding securities lending collateral, totaled \$251.4 billion at June 30, 2007, which was

\$39.3 billion (18.5 percent) more than the \$212.1 billion in total PERF investments at June 30, 2006.

At June 30, 2007, the PERF held \$149.7 billion in domestic and international equity securities, an increase of \$19.8 billion from \$129.9 billion at fiscal year end 2006. The increase was mainly due to above average returns in international equity securities during 2007. Domestic equity and international equity securities earned returns of approximately 20.5 percent and 32.3 percent, respectively, for the 2007 fiscal year, compared to 9.6 percent and 26.7 percent, respectively, for fiscal year 2006.

CalPERS benchmark returns for domestic and international equity securities for fiscal year 2007 were 20.3 percent and 30.5 percent, respectively. CalPERS uses the Wilshire 2500 Index to provide a benchmark for the domestic equity investment returns, and the PERS SSGA Custom Index for international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market conditions.

At June 30, 2007, the PERF held \$61.2 billion in domestic and international debt securities, an increase of \$9.2 billion from \$52.0 billion at fiscal year end 2006. Domestic debt securities returned approximately 7.3 percent, and international debt securities returned approximately 2.2 percent for the 2007 fiscal year, compared to a negative 1.3 percent and a negative 0.2 percent, respectively for fiscal year 2006. CalPERS benchmark returns were 6.5 percent and 2.6 percent, respectively. CalPERS uses the Lehman Long Liability Index and the Lehman World Government

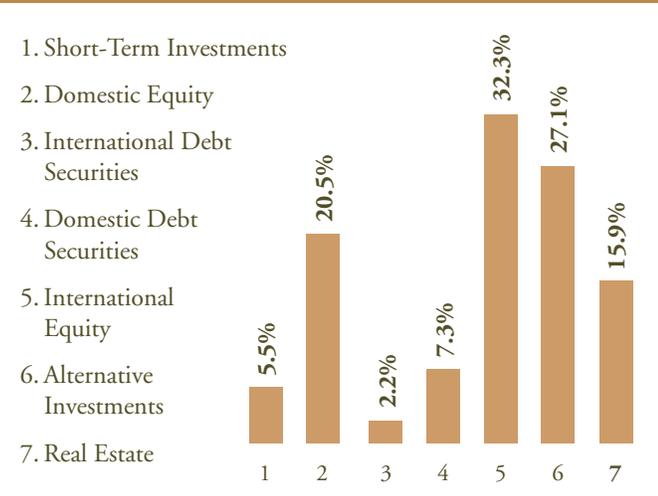
Investments — PERF

(Dollars in Billions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$3.6	1.4%	5.5%	4.4%	5.4%
Domestic Equity	100.6	40.0	20.6	9.6	20.3
International Equity	49.1	19.5	29.8	26.7	30.5
Domestic Debt Securities	55.5	22.1	7.3	(1.3)	6.5
International Debt Securities	5.7	2.3	2.2	(0.2)	2.6
Real Estate	20.1	8.0	20.2	25.8	13.1
Alternative Investments	16.8	6.7	23.2	19.8	16.2
Total or Overall Return	\$251.4	100.0%	19.1%	11.8%	20.3%

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Investment Returns — PERF



Bonds, Ex-U.S. Index to provide a benchmark for fixed income investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment.

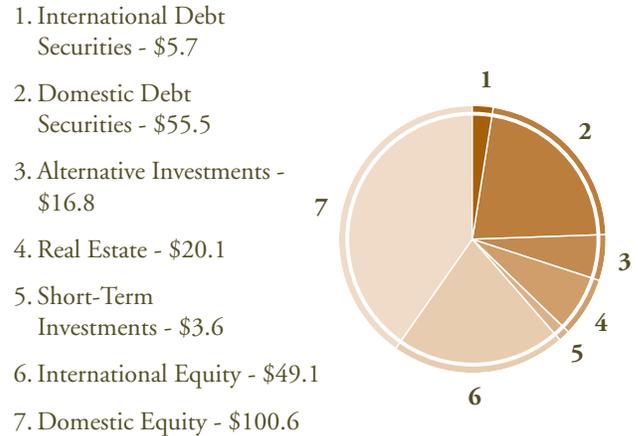
At June 30, 2007, the PERF held \$20.1 billion in net real estate investments, an increase of \$4.9 billion from \$15.2 billion at the 2006 fiscal year end. CalPERS has continued to increase its real estate holdings in opportunistic and international investments to fulfill investment diversification. Real estate investments returned approximately 15.9 percent for the 2007 fiscal year, compared to 25.8 percent for fiscal year 2006.

CalPERS benchmark real estate return for fiscal year 2007 was 13.1 percent. CalPERS uses the NCREIF Property Index to provide a benchmark for our real estate investment returns.

At June 30, 2007, the PERF held \$16.8 billion in alternative investments, an increase of \$4.7 billion from \$12.1 billion at the 2006 fiscal year end. Alternative investments yielded a return of approximately 27.1 percent for the 2007 fiscal year, compared to 19.8 percent for fiscal year 2006.

CalPERS benchmark alternative investment return for fiscal year 2007 was 16.2 percent. CalPERS uses the Venture

Investment Portfolio — PERF at Market Value (Dollars in Billions)



Note:

Excludes \$46.3 billion in securities lending collateral.

Economics Custom Young Fund Universe to provide a benchmark for alternative investments.

At June 30, 2007, the PERF held \$3.6 billion in short-term investments, an increase of \$0.7 billion from the \$2.9 billion at the 2006 fiscal year end. Short-term investments returned approximately 5.5 percent for the 2007 fiscal year, compared to 4.4 percent for fiscal year 2006. CalPERS uses the SSGA Custom STIF as a benchmark for short-term investments.

The PERF earned other investment income of \$394.8 million for the 2007 fiscal year. Included in other investment income was income earned from securities litigation, sale of fractional shares, and other miscellaneous income.

The PERF earns additional investment income by lending investment securities. Borrowers pay a fee for the right to borrow securities, and then provide collateral to the PERF for 102 percent to 105 percent of the values of the securities borrowed. The over collateralization will ensure the PERF is made whole in the event the borrower fails to return the security. The PERF will pay the borrower a rate for holding collateral, called a rebate. The PERF invests the cash collateral in conservative and liquid money markets, and any spread above the rebate rate is additional income for the PERF. For the 2007 fiscal year, net securities lending income

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

amounted to \$154.7 million, a decrease of \$3.8 million (2.4 percent) from \$158.5 million during fiscal year 2006.

CalPERS participates in Directed Brokerage/Commission Recapture arrangements. The CalPERS Directed Brokerage Program had a balance of \$1.5 million at July 1, 2006. For fiscal year 2007, brokerage commissions that were rebated totaled \$2.0 million. Expenses in the amount of \$2.3 million were incurred to purchase analytical tools, advisory, and other research materials. The Directed Brokerage Program had a balance of approximately \$1.3 million at June 30, 2007. These amounts are recorded in the accompanying financial statements as of June 30, 2007 and 2006.

CalPERS participates in asset-based lending, in which secured debt is loaned to non-investment grade borrowers, primarily for working capital, acquisitions, turnarounds, growth financing, debtor-in-possession financing, exit financing, and corporate recapitalization/reorganizations. In exchange for these loan amounts, CalPERS receives interest and fees from the borrowers. Interest and fee income earned was \$14.3 million for the 2007 fiscal year, and outstanding commitments totaled \$572.9 million at June 30, 2007.

Other Defined Benefit Pension Plans

Legislators' Retirement Fund (LRF)

Plan Net Assets

The LRF provides retirement benefits to California Legislators elected to office before November 7, 1990, and to all Constitutional and Statutory Officers. The number of LRF members is declining as eligible incumbent

Legislators leave office and are replaced by those ineligible to participate in the LRF.

The LRF net assets held in trust for benefits at June 30, 2007 totaled \$142.2 million, an increase of \$8.6 million (6.4 percent) from June 30, 2006.

Additions to LRF net assets held in trust for benefits were from investment income and contributions to repurchase military and prior year service credit. There were no actuarially determined annual required employer and member contributions for 2007. Net investment income increased \$12.7 million (334.1 percent) to a net investment gain of \$16.5 million for the 2007 fiscal year, from a net investment gain of \$3.8 million for the 2006 fiscal year, due primarily to a strong domestic and international equity market during 2007.

Deductions in LRF net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2007 fiscal year, these benefits increased \$0.4 million (4.8 percent) to \$7.7 million from \$7.3 million in 2006. On a per member and beneficiary basis, the cost of administering LRF benefits during the 2007 fiscal year was approximately \$1,025 per individual, an increase of approximately \$86 per individual from the 2006 fiscal year due to increased direct expenses.

An actuarial valuation of LRF assets and benefit obligations is performed annually using the aggregate cost method, which does not identify unfunded actuarial liabilities. Based on the most recent actuarial valuation, performed as of June 30, 2006, the active member contribution rate for the 2008 fiscal year remains at zero percent.

Investments — LRF

(Dollars in Millions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Investment Class					
Domestic Equity	\$42.6	30.0%	20.6%	8.4%	20.3%
International Equity	14.7	10.4	27.8	26.7	27.8
Domestic Debt Securities	84.5	59.6	6.8	(5.3)	6.6
Total or Overall Return	\$141.8	100.0%	12.6%	2.0%	12.4%

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Investments

The LRF invests mainly in domestic and international equity securities, as well as domestic debt securities. LRF investments totaled \$141.8 million at June 30, 2007, which was \$8.2 million (6.1 percent) greater than the \$133.6 million in total LRF investments at June 30, 2006, primarily as a result of expected investment returns.

At June 30, 2007, the LRF held \$57.3 million in domestic and international equity securities, an increase of \$3.1 million from \$54.2 million at fiscal year end 2006. Domestic and

international equity securities yielded returns of approximately 20.6 percent and 27.8 percent for fiscal year 2007 respectively, compared to the 8.4 percent and 26.7 percent for fiscal year 2006. CalPERS benchmark returns for the fiscal year 2007 were 20.3 percent and 27.8 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index (net of dividends), to provide a benchmark for the domestic and international equity investment returns, respectively. These benchmarks are representative of the returns that could be expected in a similar investing environment and reflect the overall market conditions.

Net Assets — Other Defined Benefit Pension Plan Funds

(Dollars in Thousands)

	LRF		JRF		JRF II		VFF	
	2007	2006	2007	2006	2007	2006	2007	2006
Assets								
Cash, Cash Equivalents & Receivables	\$668	\$295	\$2,018	\$3,062	\$2,485	\$3,307	\$470	\$409
Investments	141,811	133,560	10,024	15,028	288,491	215,756	3,540	3,034
Total Assets	\$142,479	\$133,855	\$12,042	\$18,090	\$290,976	\$219,063	\$4,010	\$3,443
Total Liabilities	\$270	\$224	\$369	\$204	\$244	\$77	\$14	\$9
Total Net Assets	\$142,209	\$133,631	\$11,673	\$17,886	\$290,732	\$218,986	\$3,996	\$3,434

Changes in Net Assets — Other Defined Benefit Pension Plan Funds

(Dollars in Thousands)

	LRF		JRF		JRF II		VFF	
	2007	2006	2007	2006	2007	2006	2007	2006
Additions								
Member Contributions	\$129	\$160	\$10,398	\$10,315	\$11,694	\$9,584	\$—	\$—
Employer Contributions	—	—	131,372	120,576	27,062	24,069	328	307
Investment Income	16,530	3,808	1,186	959	35,427	15,474	470	285
Other Income	—	—	2,591	2,874	—	—	—	—
Total Additions	\$16,659	\$3,968	\$145,547	\$134,724	\$74,183	\$49,127	\$798	\$592
Deductions								
Retirement Benefits	\$7,666	\$7,314	\$151,059	\$133,588	\$1,005	\$859	\$120	\$103
Refund of Contributions	92	823	—	323	981	750	—	—
Administrative Expenses	323	290	701	171	451	406	116	105
Other Expenses	—	5	—	—	—	—	—	—
Total Deductions	\$8,081	\$8,432	\$151,760	\$134,082	\$2,437	\$2,015	\$236	\$208
Increase (Decrease) in Net Assets	\$8,578	(\$4,464)	(\$6,213)	\$642	\$71,746	\$47,112	\$562	\$384

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

At June 30, 2007, the LRF held \$84.5 million in domestic debt securities, an increase of \$5.1 million from \$79.4 million at fiscal year end 2006. Domestic debt securities returned 6.8 percent for fiscal year 2007, compared to a negative 5.3 percent for fiscal year 2006. CalPERS benchmark return for fiscal year 2007 was 6.6 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

Judges' Retirement Fund (JRF)

Plan Net Assets

The JRF provides retirement benefits to California Supreme and Appellate Court Justices and Superior Court Judges. The JRF net assets held in trust for benefits at June 30, 2007, totaled \$11.7 million, a decrease of \$6.2 million from June 30, 2006.

Additions to JRF net assets held in trust for benefits include employer, State of California, and member contributions, as well as investment income. For the 2007 fiscal year, employer, State, and member contributions increased \$10.9 million (8.3 percent) to \$141.8 million, from \$130.9 million for the 2006 fiscal year, primarily as a result of an increase in the State's contribution. For the 2007 fiscal year, net investment income increased \$0.2 million (23.7 percent) from the 2006 fiscal year due mainly to higher average asset balances throughout the year.

Deductions in JRF net assets held in trust for benefits are primarily composed of retirement, death, and survivor

benefits. For the 2007 fiscal year, these benefits amounted to \$151.1 million, an increase of \$17.5 million (13.1 percent) from the 2006 fiscal year. The increase in benefit payments was mainly a result of a COLA and an increase in the number of JRF retirees and beneficiaries to 1,702 in the 2007 fiscal year from 1,660 in the 2006 fiscal year.

On a per member and beneficiary basis, the cost of administering JRF benefits during 2007 was approximately \$285 per individual, an increase of approximately \$216 per individual from fiscal year 2006. The increase is due primarily to increased direct costs, resumption of normal cost allocation, and a one-time reallocation of expenses in the 2006 fiscal year.

The JRF is funded on a "pay-as-you-go" basis, where short-term investments, contributions received during the year, and a State General Fund augmentation are used to provide funding for benefit payments. This funding method is generally more expensive in the long term, as the fund does not have investment returns generated by a funded plan. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in 2008.

Investments

The JRF invests only in short-term securities. Total JRF investments were \$10.0 million at June 30, 2007, which was \$5.0 million less than the \$15.0 million in total JRF investments at June 30, 2006. The decrease in total JRF investments was primarily due to an increase in total benefit payments. Short-term investments returned approximately 5.3 percent for fiscal year 2007, compared with the 4.4 percent for fiscal year 2006.

Investments — JRF II

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$33.0	11.4%	5.2%	4.5%	N/A
Domestic Equity	87.1	30.2	20.5	8.4	20.3%
International Equity	54.0	18.7	28.0	26.8	27.8
Domestic Debt Securities	89.6	31.1	6.5	(6.0)	6.5
Real Estate	24.8	8.6	11.9	21.7	11.7
Total or Overall Return	\$288.5	100.0%	15.8%	7.8%	15.9%

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Judges' Retirement Fund II (JRF II)

Plan Net Assets

The JRF II provides retirement benefits to California Supreme and Appellate Court Justices, Superior Court Judges, and Municipal Court Judges first appointed or elected after November 9, 1994. The JRF II net assets held in trust for benefits at June 30, 2007 were \$290.7 million, an increase of \$71.7 million (32.8 percent) from June 30, 2006.

Additions to JRF II net assets held in trust for benefits include employer and member contributions, as well as investment income. Employer and member contributions increased \$5.1 million (15.2 percent), to \$38.8 million for the 2007 fiscal year, from \$33.7 million for the 2006 fiscal year, primarily as a result of a 10.1 percent increase in membership from 2006 to 2007. For the 2007 fiscal year, the JRF II earned net investment income of \$35.4 million, an increase in income of approximately \$19.9 million (128.4 percent) from the 2006 fiscal year net investment income of \$15.5 million, primarily due to strong returns from equity investments as well as stable earnings from fixed income investments.

Deductions in JRF II net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2007 fiscal year, these benefits amounted to \$1.0 million, an increase of \$141,000 (16.4 percent) from the 2006 fiscal year.

On a per member and beneficiary basis, the cost of administering JRF II benefits during fiscal year 2007 was approximately \$487 per individual, an increase of approximately \$6 per individual from fiscal year 2006, due to increased membership and direct costs.

An actuarial valuation of the JRF II assets and benefit obligations is performed annually. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of JRF II increased to 96.7 percent from 94.3 percent at June 30, 2005. At June 30, 2006, the JRF II actuarial benefit obligations exceeded its actuarial assets by approximately \$7.2 million, while the amount by which the JRF II actuarial benefit obligations exceeded its actuarial assets at June 30, 2005, was approximately \$10.2 million.

Investments

The JRF II invests mainly in domestic and international equity securities, domestic debt securities, and real estate equities. Total JRF II investments amounted to \$288.5 million (see table on previous page) at June 30, 2007, which was \$72.7 million (33.7 percent) more than the \$215.8 million at June 30, 2006. The increase in total JRF II investments was primarily due to the increase in contributions and membership and positive investment returns during the 2007 fiscal year.

At June 30, 2007, the JRF II held \$141.1 million in domestic and international equity securities, an increase of \$25.0 million from \$116.1 million at fiscal year end 2006. Domestic and international equity securities yielded returns of approximately 20.5 percent and 28.0 percent for fiscal year 2007, compared to the 8.4 percent and 26.8 percent for fiscal year 2006. CalPERS benchmark returns for fiscal year 2007 were 20.3 percent and 27.8 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market characteristics.

At June 30, 2007, the JRF II held \$89.6 million in domestic debt securities, an increase of \$16.6 million from \$73.0 million at fiscal year end 2006. Domestic debt securities returned approximately 6.5 percent for the 2007 fiscal year, compared to negative 6.0 percent for fiscal year 2006. CalPERS benchmark return for fiscal year 2007 was 6.5 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment.

At June 30, 2007, the JRF II held \$32.9 million in short-term investments, an increase of \$26.8 million from \$6.1 million at fiscal year end 2006. Short-term investments returned approximately 5.2 percent for fiscal year 2007, compared to 4.5 percent for fiscal year 2006.

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Volunteer Firefighters' Fund (VFF)

Plan Net Assets

The VFF provides monetary awards to volunteer firefighters. The VFF net assets held in trust for benefits at June 30, 2007 were \$4.0 million, an increase of approximately \$0.6 million (17.6 percent), from \$3.4 million at June 30, 2006.

Contribution revenues totaled \$328,000 for the 2007 fiscal year, an increase of 6.8 percent from the 2006 fiscal year, due primarily to an increase in lump sum purchases of prior service credits. Net investment income was \$470,000 for fiscal year 2007, an increase in investment income of 64.9 percent from the \$285,000 in net investment income for fiscal year 2006. The increase is attributed to strong domestic and international equity markets.

Deductions from VFF net assets held in trust include awards of \$120,000 for fiscal year 2007, an increase of 16.5 percent from the 2006 fiscal year, primarily due to more participants qualifying and taking awards earlier.

On a per member and beneficiary basis, the cost of administering the VFF benefits during fiscal year 2007 were approximately \$28 per individual, an increase of approximately \$1 per individual from fiscal year 2006. The increase was due to increased direct expenses.

An actuarial valuation of the VFF assets and benefit obligations is performed annually. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the VFF decreased to 87.1 percent from 88.0 percent at June 30, 2005. At June 30, 2006, the VFF actuarial benefit obligations exceeded its actuarial assets by \$531,000, compared to \$439,000 at June 30, 2005.

Investments

The VFF invests mainly in domestic equity securities, international equity securities, domestic debt securities, and real estate equities. Total VFF investments were \$3.5 million at June 30, 2007, which was \$0.5 million (16.7 percent) more than the \$3.0 million at June 30, 2006.

At June 30, 2007, the VFF held \$1.9 million in domestic and international equity securities, an increase of \$0.2 million from the \$1.7 million at fiscal year end 2006. Domestic equity securities experienced a return of approximately 20.0 percent for fiscal year 2007, compared to the 9.5 percent for fiscal year 2006. International equity experienced a return of approximately 26.1 percent for fiscal year 2007, compared to 26.7 percent in fiscal year 2006. CalPERS benchmark return for fiscal year 2007 was 20.1 percent for domestic equity securities and 27.0 percent for international equity securities. CalPERS uses the Russell 3000 Index to provide a benchmark for our domestic equity investment returns, and the MSCI EAFE Index for our international equity investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

At June 30, 2007, the VFF held \$1.3 million in domestic debt securities, an increase of \$0.2 million from \$1.1 million at fiscal year end 2006. Domestic debt securities returned approximately 5.9 percent for the 2007 fiscal year, compared to the negative 1.6 percent for fiscal year 2006. CalPERS benchmark return for fiscal year 2007 was 6.5 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment.

Investments — VFF

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Domestic Equity	\$1.2	34.3%	20.0%	9.5%	20.1%
International Equity	0.7	20.0	26.1	26.7	27.0
Domestic Debt Securities	1.3	37.1	5.9	(1.6)	6.5
Real Estate	0.3	8.6	11.9	21.5	11.7
Total or Overall Return	\$3.5	100.0%	15.4%	10.3%	15.5%

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Other Post-Employment Benefit Fund

California Employers' Retiree Benefit Trust Fund

Plan Net Assets

The CERBTF is a trust for the pre-funding by employers of health, dental and other non-pension benefits promised employees when they retire. The CERBTF net assets held in trust for benefits on June 30, 2007 were \$11.4 million. This is the first year the CERBTF existed, so a prior year comparison is not available.

Additions to the CERBTF net assets held in trust for benefits include employer contributions and investment income. The fund became available to employers the last

few months of the fiscal year. The two employers participating contributed \$11.5 million. For the last six weeks of the 2007 fiscal year, during which the CERBTF existed, the fund incurred a net investment loss of \$29,000 primarily due to equity market declines at the end of the fiscal year.

During the 2007 fiscal year there were no CERBTF deductions. Plan benefit obligations are anticipated to become payable in future years.

Investments

The CERBTF invests mainly in domestic equity and debt securities. Total CERBTF investments amounted to \$6.0 million at fiscal year end. At June 30, 2007 the

Net Assets — Other Post-Employment Benefit Fund

(Dollars in Thousands)

	CERBTF	
	2007	2006
Assets		
Cash, Cash Equivalents & Receivables	\$5,469	\$ —
Investments	5,971	—
Total Assets	\$11,440	\$ —
Total Liabilities	\$ —	\$ —
Total Net Assets	\$11,440	\$ —

Changes in Net Assets — Other Post-Employment Benefit Fund

(Dollars in Thousands)

	CERBTF	
	2007	2006
Additions		
Member Contributions	\$ —	\$ —
Employer Contributions	11,469	—
Investment Income	(29)	—
Other Income	—	—
Total Additions	\$11,440	\$ —
Deductions		
Benefits	\$ —	\$ —
Refund of Contributions	—	—
Administrative Expenses	—	—
Other Expenses	—	—
Total Deductions	\$ —	\$ —
Increase (Decrease) in Net Assets	\$11,440	\$ —

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

CERBTB owned \$4.4 million of domestic equity securities and \$1.5 million of domestic debt securities. Short-term domestic securities of \$0.1 million comprised the remainder of investments. The fund also held \$5.5 million of cash.

Defined Contribution Pension Plans

State Peace Officers' & Firefighters' Defined Contribution Plan Fund (SPOFF)

Plan Net Assets

The SPOFF provides supplemental retirement benefits to eligible safety employees. Net assets held in trust for pension benefits increased by \$75.9 million (29.2 percent) to

\$335.4 million at June 30, 2007, from \$259.5 million at June 30, 2006.

Contribution revenues were \$48.9 million for fiscal year 2007, an increase of 447.9 percent from fiscal year 2006. The large increase to contribution revenues in fiscal year 2007 was due to renegotiations in the bargaining unit contract whereby rank and file staff returned to the Program. For fiscal year 2006, contributions were made on behalf of management/supervisors only. Net investment income was \$37.8 million for fiscal year 2007, representing an increase in investment income of \$21.3 million from the \$16.5 million in net investment income for the 2006 fiscal year.

Net Assets — Defined Contribution Pension Plan Funds

(Dollars in Thousands)

	SPOFF		IRC 457		RBF		SCPF	
	2007	2006	2007	2006	2007	2006	2007	2006
Assets								
Cash, Cash Equivalents & Receivables	\$4,221	\$753	\$3,246	\$1,893	\$160	\$46	\$32	\$35
Investments	331,480	258,824	681,099	538,644	1,227	881	23,338	20,817
Total Assets	\$335,701	\$259,577	\$684,345	\$540,537	\$1,387	\$927	\$23,370	\$20,852
Total Liabilities	\$323	\$132	\$1,722	\$404	\$1,076	\$818	\$32	\$61
Total Net Assets	\$335,378	\$259,445	\$682,623	\$540,133	\$311	\$109	\$23,338	\$20,791

Changes in Net Assets — Defined Contribution Pension Plan Funds

(Dollars in Thousands)

	SPOFF		IRC 457		RBF		SCPF	
	2007	2006	2007	2006	2007	2006	2007	2006
Additions								
Member Contributions	\$ —	\$ —	\$104,956	\$123,161	\$ —	\$ —	\$457	\$634
Employer Contributions	48,948	8,933	—	—	2,209	1,536	—	—
Investment Income	37,813	16,517	80,167	36,245	50	27	3,619	1,782
Other Income	—	—	14	8	—	—	389	—
Total Additions	\$86,761	\$25,450	\$185,137	\$159,414	\$2,259	\$1,563	\$4,465	\$2,416
Deductions								
Retirement Benefits	\$10,828	\$6,578	\$ —	\$ —	\$2,057	\$1,527	\$ —	\$ —
Administrative Expenses	—	—	—	—	—	—	—	79
Participant Withdrawals	—	—	42,647	62,078	—	—	1,918	2,078
Total Deductions	\$10,828	\$6,578	\$42,647	\$62,078	\$2,057	\$1,527	\$1,918	\$2,157
Increase in Net Assets	\$75,933	\$18,872	\$142,490	\$97,336	\$202	\$36	\$2,547	\$259

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

SPOFF benefit expenses were \$10.8 million for the 2007 fiscal year, an increase of \$4.2 million (63.6 percent) from the 2006 fiscal year, due primarily to the increase in the number of retired SPOFF participants in 2007.

Investments

The SPOFF invests mainly in domestic equity securities. Total SPOFF investments were \$331.5 million at June 30, 2007, which was \$72.7 million (28.1 percent) more than the \$258.8 million in total SPOFF investments at June 30, 2006. Domestic equity securities yielded returns of approximately 14.0 percent for fiscal year 2007, compared to 6.9 percent for fiscal year 2006. CalPERS benchmark return for fiscal year 2007 was 15.0 percent. CalPERS uses a composite index to provide a benchmark for our domestic equity investment return.

Public Agency Deferred Compensation Plan (IRC 457)

Plan Net Assets

The CalPERS Board is trustee for public agency participant assets in the IRC 457 deferred compensation program. Net assets held in trust for pension benefits at June 30, 2007, were \$682.6 million, an increase of \$142.5 million (26.4 percent), from \$540.1 million at June 30, 2006.

Additions to IRC 457 net assets consist of member contributions of \$105.0 million in fiscal year 2007, compared to \$123.2 million in 2006. The decrease is primarily due to members choosing to contribute less. Net investment income amounted to \$80.2 million for fiscal year 2007, representing an increase in investment income of \$44.0 million from the \$36.2 million in net investment income for fiscal year 2006.

Investments — SCPF

(Dollars in Millions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Investment Class					
Short-Term Investments	\$0.6	2.5%	5.3%	3.1%	N/A
Domestic Equity	12.2	52.4	20.5	8.6	20.3%
International Equity	4.5	19.3	28.0	26.5	27.8
Domestic Debt Securities	6.0	25.8	11.3	(3.1)	6.5
Total or Overall Return	\$23.3	100.0%	17.5%	8.3%	17.8%

Deductions from the IRC 457 net assets consist primarily of participant withdrawals of \$42.6 million, a decrease of \$19.5 million from the prior fiscal year of \$62.1 million.

Investments

The IRC 457 investments were \$681.1 million at June 30, 2007, which was \$142.5 million more than the \$538.6 million in total IRC 457 investments at June 30, 2006. IRC 457 asset allocation is participant directed.

At June 30, 2007, the IRC 457 held \$524.7 million in domestic and international equity securities, an increase of \$126.6 million from \$398.1 million at fiscal year end 2006.

At June 30, 2007, the IRC 457 held \$152.2 million in domestic debt securities, an increase of \$54.8 million from \$97.4 million at fiscal year end 2006.

At June 30, 2007, the IRC 457 held \$4.3 million in short-term investments, a decrease of \$38.8 million from \$43.1 million at fiscal year end 2006.

Replacement Benefit Fund (RBF)

The RBF provides replacement retirement benefits to the small percentage of retired PERF members whose CalPERS retirement benefits earned are limited by Internal Revenue Code Section 415(b). Net assets held in trust for pension benefits increased by \$202,000 to \$311,000 at June 30, 2007, from \$109,000 at June 30, 2006.

Contribution revenues were \$2.2 million for the 2007 fiscal year, an increase of \$0.7 million from the 2006 fiscal year, primarily due to an increase in the number of retirees to 117 at June 30, 2007, from 91 at June 30, 2006.

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

The RBF paid benefits of \$2.1 million for the 2007 fiscal year, an increase of \$0.6 million from fiscal year 2006, primarily due to more members being eligible.

Investments

The RBF invests only in short-term securities. Total RBF investments were \$1.2 million at June 30, 2007, which was \$319,000 more than the \$881,000 in total RBF investments at June 30, 2006. Short-term investments returned approximately 5.2 percent for fiscal year 2007, compared to 4.5 percent for fiscal year 2006.

Supplemental Contributions Program Fund (SCPF)

The SCPF was established effective January 1, 2000, to provide supplemental retirement benefits to members of CalPERS and is entirely member funded. Net assets held in trust for pension benefits increased to \$23.3 million at June 30, 2007.

Contribution revenues were \$457,000 for the 2007 fiscal year, a decrease of 27.9 percent from the 2006 fiscal year, primarily due to a decline in membership. Net investment income was \$3.6 million for fiscal year 2007, representing an increase in investment income of \$1.8 million from \$1.8 million in net investment income for fiscal year 2006.

For fiscal year 2007, participant withdrawals were \$1.9 million, a decrease of \$0.2 million (7.7 percent) from fiscal year 2006.

Investments

The SCPF investments were \$23.3 million at June 30, 2007, which was \$2.5 million more than the \$20.8 million in total SCPF investments at June 30, 2006.

At June 30, 2007, the SCPF held \$16.7 million in domestic and international equity securities, an increase of \$1.7 million from \$15.0 million at fiscal year end 2006. Domestic and international equity securities yielded returns of approximately 20.5 percent and 28.0 percent for fiscal year 2007, compared to the 8.6 percent and 26.5 percent for fiscal year 2006. CalPERS benchmark returns for fiscal year 2007 were 20.3 percent and 27.8 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns, respectively.

At June 30, 2007, the SCPF held \$6.0 million in domestic debt securities, an increase of \$0.5 million from \$5.5 million at fiscal year end 2006. Domestic debt securities returned approximately 11.3 percent for fiscal year 2007, compared to negative 3.1 percent for fiscal year 2006. CalPERS benchmark return for fiscal year 2007 was 6.5 percent. CalPERS uses the Citigroup 1-10 Year Treasury as a benchmark for its domestic debt security investment returns.

At June 30, 2007, the SCPF held \$639,000 in short-term investments, an increase of \$322,000 from \$317,000 at fiscal year end 2006. Short-term investments returned approximately 5.3 percent for fiscal year 2007, which was an improvement over the 3.1 percent for fiscal year 2006.

Enterprise Funds

Employees' Health Care Fund (HCF)

Plan Activity

The HCF accounts for the activities of the CalPERS self-insured health care programs.

The self-insured health care programs incurred claims expenses of \$1.2 billion for the 2007 fiscal year, an increase of 5.9 percent from the 2006 fiscal year, primarily due to increases in provider pricing and increased benefit utilization. Premium revenues were \$1.4 billion for the 2007 fiscal year, an increase of 14.8 percent from the 2006 fiscal year, primarily as a result of premium rate increases and enrollment growth. Net investment income was \$20.1 million for the 2007 fiscal year, an increase of 11.3 percent from the 2006 fiscal year. As a result of increased assets, unrestricted net assets increased by \$123.4 million (38.0 percent) to \$448.6 million at June 30, 2007.

Investments

Investments of the HCF at June 30, 2007 and 2006, include highly-liquid, short-term securities and domestic debt securities. Investments increased \$139.2 million from \$438.6 million at June 30, 2006, to \$577.8 million at June 30, 2007.

Public Employees' Contingency Reserve Fund (CRF)

The CRF was established to fund administrative costs related to the CalPERS health care programs and to provide a contingency reserve for potential increases in future health

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Net Assets — Enterprise Funds

(Dollars in Thousands)

	HCF		CRF		LTCF		DCF	
	2007	2006	2007	2006	2007	2006	2007	2006
Assets								
Cash, Cash Equivalents								
& Receivables	\$67,420	\$51,693	\$28,118	\$7,113	\$23,924	\$19,238	\$799	\$1,337
Investments	577,820	438,550	109,226	56,581	2,205,350	1,786,622	3,958	4,665
Total Assets	\$645,240	\$490,243	\$137,344	\$63,694	\$2,229,274	\$1,805,860	\$4,757	\$6,002
Total Liabilities	\$196,660	\$165,074	\$122,731	\$54,015	\$3,071,531	\$2,577,358	\$3,992	\$4,526
Total Unrestricted Net Assets (Deficit)	\$448,580	\$325,169	\$14,613	\$9,679	(\$842,257)	(\$771,498)	\$765	\$1,476

Changes in Net Assets — Enterprise Funds

(Dollars in Thousands)

	HCF		CRF		LTCF		DCF	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenues								
Self-Insurance Premiums	\$1,390,819	\$1,211,210	\$ —	\$ —	\$241,495	\$243,690	\$ —	\$ —
Investment Income	20,069	18,029	9,279	5,049	281,068	121,703	180	139
Administrative Fees								
& Other	—	—	16,509	13,140	—	—	595	1,742
Total Revenues	\$1,410,888	\$1,229,239	\$25,788	\$18,189	\$522,563	\$365,393	\$775	\$1,881
Expenses								
Claims Expenses	\$1,198,348	\$1,131,759	\$ —	\$ —	\$87,324	\$78,007	\$ —	\$ —
Increase (Decrease) in								
Estimated Liabilities	14,358	(340)	—	—	487,800	219,400	—	—
Administrative Expenses	74,771	67,679	20,854	16,356	18,198	17,053	1,486	1,338
Total Expenses	\$1,287,477	\$1,199,098	\$20,854	\$16,356	\$593,322	\$314,460	\$1,486	\$1,338
Increase (Decrease) in Unrestricted Net Assets	\$123,411	\$30,141	\$4,934	\$1,833	(\$70,759)	\$50,933	(\$711)	\$543

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

care premium rates or health care benefit costs. In the 2007 fiscal year, pursuant to GASB Statement 43, activity in the CRF is reported in two separate fund types.

Administrative fees collected and related costs are accounted for in the CRF proprietary fund type. Administrative fees earned by the CRF were \$16.1 million for the 2007 fiscal year, an increase of 26.6 percent from 2006 fiscal year of \$12.8 million. The increase was due mainly to premium rate and administrative rate increases during the 2007 fiscal year. Net investment income was \$9.3 million for the 2007 fiscal year, an increase of 83.8 percent from the 2006 fiscal year. Unrestricted net assets increased by \$4.9 million (51.0 percent) to \$14.6 million at June 30, 2007.

Public agency health payments and remittances to contracted health care providers are reported in the CRF Agency Fund type. Public agencies remitted approximately \$1.1 billion for payments to contracted health care providers in fiscal year 2007.

Investments

Investments of the CRF proprietary and agency activities at June 30, 2007 and 2006, included only highly-liquid, short-term securities, as investment balances are used to fund operating cash flows. Investments increased \$52.6 million from \$56.6 million at June 30, 2006, to \$109.2 million at June 30, 2007, primarily due to the receipt of Medicare Part D funds.

Public Employees' Long-Term Care Fund (LTCF)

The LTCF, which provides long-term care insurance to participating members, incurred claims expenses of

\$87.3 million for the 2007 fiscal year, an increase of 11.9 percent from the 2006 fiscal year, due mainly to an increase in benefit utilization. Premium revenues were \$241.5 million for the 2007 fiscal year, a decrease of 1.0 percent from the 2006 fiscal year. Net investment income amounted to \$281.1 million for the 2007 fiscal year, an increase in investment income of 131.0 percent from the \$121.7 million in net investment income for the 2006 fiscal year, due mainly to strong equity markets in 2007. The unrestricted net assets of the CalPERS Long-Term Care Program decreased by \$70.8 million to negative \$842.3 million during the 2007 fiscal year as a result of investment earnings and a larger increase in the estimated liability for future policy benefits. Earnings were offset by an increase in liabilities due to the significant growth of inflation-adjusted policies. The CalPERS Board of Administration approved an increase to premiums in the 2006-2007 fiscal year, effective July 1, 2007, to eliminate future deficits. The Long-Term Care program management are evaluating the results of the rate increase to determine if additional mitigating action is necessary.

Investments

Total LTCF investments were \$2.2 billion at June 30, 2007, which was \$0.4 billion more than the \$1.8 billion in total LTCF investments at June 30, 2006.

At June 30, 2007, the LTCF held \$1.1 billion in domestic and international equity securities, an increase of \$230.7 million from \$870.7 million at fiscal year end 2006. Domestic and international equity securities experienced returns of approximately 20.5 percent and 27.2 percent for the 2007 fiscal year, compared to the 8.5 percent and 26.8 percent for fiscal year 2006. CalPERS benchmark returns for fiscal

Investments — LTCF

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$1.3	0.1%	N/A	N/A	N/A
Domestic Equity	653.4	29.6	20.5 %	8.5%	20.3%
International Equity	448.0	20.3	27.2	26.8	27.8
Domestic Debt Securities	995.4	45.1	6.6	(4.8)	6.5
Real Estate	107.2	4.9	11.9	21.7	11.7
Total or Overall Return	\$2,205.3	100.0%	15.2%	7.1%	15.0%

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

year 2007 were 20.3 percent and 27.8 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market environment.

At June 30, 2007, the LTCF held \$995.4 million in domestic debt securities, an increase of \$170.0 million from \$825.4 million at fiscal year end 2006. Domestic debt securities returned approximately 6.6 percent, compared to a negative 4.8 percent for fiscal year 2006. CalPERS benchmark return for fiscal year 2007 was 6.5 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market environment.

Public Employees' Retirement System Deferred Compensation Fund (DCF)

The purpose of the DCF is to maintain the financial records associated with the investment and administrative management services CalPERS offers to other governments' defined contribution plans. The fund recognizes as revenue fees charged other government clients for these services. The fund also records as expenses the costs incurred by CalPERS staff to support these services. Net income is retained in the fund balance to further expand the amount and types of deferred compensation plan management

services. Fees are assessed to the State Savings Plus Program to manage one plan option and certain investment portfolios of the IRC 457 public agency program.

The DCF reported administrative and investment management revenues of \$0.6 million for the 2007 fiscal year, which is \$1.1 million less than the \$1.7 million for the 2006 fiscal year. Expenses necessary to support these services were \$1.5 million for the 2007 fiscal year, which was an 11.1 percent increase from the 2006 fiscal year. Net income in fiscal year 2007 from investment of the DCF fund balance was \$180,000, an increase of 29.5 percent from the 2006 fiscal year, due mainly to more fees earned. Unrestricted net assets decreased by \$0.7 million (48.2 percent) to \$0.8 million at June 30, 2007.

Investments

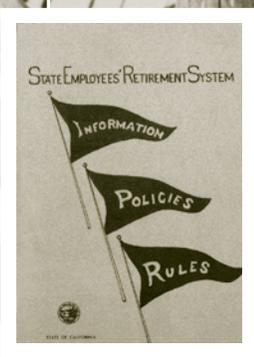
Investments of the DCF at June 30, 2007 and 2006, included only highly-liquid, short-term securities. Investments decreased \$0.7 million from \$4.7 million at June 30, 2006, to \$4.0 million at June 30, 2007.

Requests For Information

This Financial Report is designed to provide a general overview of CalPERS finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA, 94229-2703, or by calling 888 CalPERS (or 888-225-7377).

FINANCIAL SECTION
BASIC FINANCIAL STATEMENTS

1940-50



STATEMENT OF FIDUCIARY NET ASSETS — FIDUCIARY FUNDS

As of June 30, 2007 (with Comparative Totals as of June 30, 2006)

(Dollars in Thousands)

	Pension Trust Funds					
	PERF	LRF	JRF	JRF II	VFF	SPOFF
Assets						
Cash & Cash Equivalents	\$319,009	\$621	\$172	\$ —	\$99	\$ —
Receivables						
Member, Public Agency,						
State & School	\$1,711,459	\$37	\$1,619	\$2,072	\$361	\$4,181
Investment Sales & Other	3,102,260	—	—	—	—	—
Interest & Dividends	708,622	—	209	369	4	40
Due from Other Funds	9,502	10	18	43	6	—
Due from Federal Government	—	—	—	—	—	—
Other Program	11,569	—	—	1	—	—
Total Receivables	\$5,543,412	\$47	\$1,846	\$2,485	\$371	\$4,221
Investments, at Fair Value						
Short-Term Investments:						
Domestic	\$3,110,919	\$47	\$10,024	\$32,938	\$20	\$4,567
International	466,201	—	—	—	—	—
Securities Lending Collateral	46,337,538	—	—	—	—	—
Equity Securities:						
Domestic	100,591,499	42,553	—	87,124	1,188	326,913
International	49,113,002	14,708	—	53,976	721	—
Debt Securities:						
Domestic	55,544,713	84,503	—	89,646	1,293	—
International	5,674,194	—	—	—	—	—
Real Estate Equities:						
Debt on Real Estate Equities	(16,939,148)	—	—	24,807	318	—
Alternative Investments	16,821,589	—	—	—	—	—
Total Investments	\$297,734,280	\$141,811	\$10,024	\$288,491	\$3,540	\$331,480
Capital Assets, at Cost, Net of Accumulated Depreciation & Other Assets						
Total Assets	\$303,994,514	\$142,479	\$12,042	\$290,976	\$4,010	\$335,701
Liabilities						
Retirement & Other Benefits in						
Process of Payment	\$210,950	\$199	\$4	\$ —	\$ —	\$ —
Investment Purchases & Other	5,707,472	—	—	—	—	—
Due to State of California	1,806	—	—	—	—	—
Securities Lending Obligation	46,337,538	—	—	—	—	—
Due to Other Funds	77	39	83	54	14	—
Other Program	613,989	32	282	190	—	323
Total Liabilities	\$52,871,832	\$270	\$369	\$244	\$14	\$323
Net Assets Held in Trust for						
Pension & Post-Employment						
Healthcare Benefits (see						
Required Supplemental						
Schedules of Funding Progress)	\$251,122,682	\$142,209	\$11,673	\$290,732	\$3,996	\$335,378

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FIDUCIARY NET ASSETS — FIDUCIARY FUNDS (continued)

As of June 30, 2007 (with Comparative Totals as of June 30, 2006)

(Dollars in Thousands)

Pension Trust Funds			Post-Employment Healthcare Trust Fund	Agency Funds			Totals	
IRC 457	RBF	SCPF	CERBTF	CRF	SDF	OASI	2007	2006
\$ —	\$1	\$1	\$5,469	\$ —	\$ —	\$5,859	\$331,231	\$403,779
\$ —	\$140	\$28	\$ —	\$88,034	\$ —	\$ —	\$1,807,931	\$1,673,844
—	—	—	—	—	—	—	3,102,260	1,511,344
666	19	3	—	—	—	—	709,932	771,969
—	—	—	—	—	—	—	9,579	3,498
—	—	—	—	—	—	—	—	27,340
2,580	—	—	—	—	—	—	14,150	12,143
\$3,246	\$159	\$31	\$ —	\$88,034	\$ —	\$ —	\$5,643,852	\$4,000,138
\$4,289	\$1,227	\$639	\$54	\$136,882	\$ —	\$ —	\$3,301,606	\$2,291,152
—	—	—	—	—	—	—	466,201	759,809
—	—	—	—	—	—	—	46,337,538	38,011,353
480,395	—	12,179	4,428	—	—	—	101,546,279	85,773,501
44,255	—	4,526	—	—	—	—	49,231,188	44,957,336
152,160	—	5,994	1,489	—	—	—	55,879,798	46,770,959
—	—	—	—	—	—	—	5,674,194	5,511,716
—	—	—	—	—	—	—	37,038,898	28,699,875
—	—	—	—	—	—	—	(16,939,148)	(13,448,078)
—	—	—	—	—	—	—	16,821,589	12,045,147
\$681,099	\$1,227	\$23,338	\$5,971	\$136,882	\$ —	\$ —	\$299,358,143	\$251,372,770
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$397,813	\$391,636
\$684,345	\$1,387	\$23,370	\$11,440	\$224,916	\$ —	\$5,859	\$305,731,039	\$256,168,323
\$ —	\$7	\$ —	\$ —	\$224,916	\$ —	\$ —	\$436,076	\$384,339
—	—	10	—	—	—	—	5,707,482	4,787,920
—	—	—	—	—	—	5,772	7,578	7,271
—	—	—	—	—	—	—	46,337,538	38,011,353
—	—	—	—	—	—	87	354	417
1,722	1,069	22	—	—	—	—	617,629	591,807
\$1,722	\$1,076	\$32	\$ —	\$224,916	\$ —	\$5,859	\$53,106,657	\$43,783,107
\$682,623	\$311	\$23,338	\$11,440	\$ —	\$ —	\$ —	\$252,624,382	\$212,385,216

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS — FIDUCIARY FUNDS

For the Year Ended June 30, 2007 (with Comparative Totals for the Year Ended June 30, 2006)

(Dollars in Thousands)

	Pension Trust Funds								
	PERF	LRF	JRF	JRF II	VFF	SPOFF	IRC 457	RBF	SCPF
Additions									
Retirement Contributions									
Members	\$3,262,699	\$129	\$10,398	\$11,694	\$ —	\$ —	\$104,956	\$ —	\$457
Employers	6,442,384	—	10,914	27,062	328	48,948	—	2,209	—
State of California									
General Fund	—	—	120,458	—	—	—	—	—	—
Employer Contributions - OPEB	—	—	—	—	—	—	—	—	—
Total Retirement and OPEB Contributions	\$9,705,083	\$129	\$141,770	\$38,756	\$328	\$48,948	\$104,956	\$2,209	\$457
Investment Income									
Net Appreciation									
(Depreciation) in Fair Value of Investments	\$35,682,869	\$16,521	\$ —	\$33,564	\$365	\$39,768	\$72,741	\$ —	\$3,604
Interest	2,223,978	6	1,186	798	1	156	4,949	50	15
Dividends	2,247,030	—	—	1,062	104	—	864	—	—
Real Estate	2,265,695	—	—	—	—	—	—	—	—
Alternative Investments	231,302	—	—	—	—	—	—	—	—
Other Income	394,841	—	—	—	—	—	4,405	—	—
Securities Lending Income	2,336,561	3	—	3	—	—	—	—	—
Less Investment Expenses:									
Costs of Lending	(2,181,828)	—	—	—	—	—	—	—	—
Real Estate	(1,698,048)	—	—	—	—	—	—	—	—
Other	(754,139)	—	—	—	—	(2,111)	(2,792)	—	—
Net Investment Income	\$40,748,261	\$16,530	\$1,186	\$35,427	\$470	\$37,813	\$80,167	\$50	\$3,619
Other Income	\$9,119	\$ —	\$2,591	\$ —	\$ —	\$ —	\$14	\$ —	\$389
Total Additions	\$50,462,463	\$16,659	\$145,547	\$74,183	\$798	\$86,761	\$185,137	\$2,259	\$4,465
Deductions									
Retirement, Death & Survivor Benefits	\$10,070,555	\$7,666	\$151,059	\$1,005	\$120	\$10,828	\$ —	\$2,057	\$ —
Refund of Contributions	181,574	92	—	981	—	—	—	—	—
Administrative Expenses	278,453	323	701	451	116	—	—	—	—
Participant Withdrawals	—	—	—	—	—	—	42,647	—	1,918
Other Expenses	—	—	—	—	—	—	—	—	—
Total Deductions	\$10,530,582	\$8,081	\$151,760	\$2,437	\$236	\$10,828	\$42,647	\$2,057	\$1,918
Increase (Decrease) in Net Assets	\$39,931,881	\$8,578	(\$6,213)	\$71,746	\$562	\$75,933	\$142,490	\$202	\$2,547
Net Assets Held in Trust for Pension and Post-Employment Healthcare Benefits									
Beginning of Year	\$211,190,801	\$133,631	\$17,886	\$218,986	\$3,434	\$259,445	\$540,133	\$109	\$20,791
End of Year	\$251,122,682	\$142,209	\$11,673	\$290,732	\$3,996	\$335,378	\$682,623	\$311	\$23,338

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS — FIDUCIARY FUNDS (continued)

For the Year Ended June 30, 2007 (with Comparative Totals for the Year Ended June 30, 2006)

(Dollars in Thousands)

Post-Employment Healthcare Trust Fund	Totals	
CERBTf	2007	2006
\$ —	\$3,390,333	\$3,224,733
—	6,531,845	6,141,283
—	120,458	109,167
11,469	11,469	—
\$11,469	\$10,054,105	\$9,475,183
(\$33)	\$35,849,399	\$16,690,079
4	2,231,143	2,582,816
—	2,249,060	2,508,936
—	2,265,695	1,221,640
—	231,302	222,944
—	399,246	767,421
—	2,336,567	1,678,675
—	(2,181,828)	(1,520,214)
—	(1,698,048)	(1,113,038)
—	(759,042)	(922,897)
(\$29)	\$40,923,494	\$22,116,362
\$ —	\$12,113	\$2,882
\$11,440	\$50,989,712	\$31,594,427
\$ —	\$10,243,290	\$9,386,042
—	182,647	172,825
—	280,044	237,263
—	243,732	64,156
—	—	14,044
\$ —	\$10,750,157	\$9,874,330
\$11,440	\$40,239,166	\$21,720,097
\$ —	\$212,385,216	\$190,665,119
\$11,440	\$252,624,382	\$212,385,216

STATEMENT OF NET ASSETS — PROPRIETARY FUNDS

As of June 30, 2007 (with Comparative Totals as of June 30, 2006)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2007	2006
Assets						
Current Assets						
Cash & Cash Equivalents	\$30	\$14,087	\$1,635	\$ —	\$15,752	\$6,079
Receivables						
Member, Public Agency, State & School	\$14,273	\$271	\$22,278	\$ —	\$36,822	\$22,308
Interest & Dividends	2,862	2,949	11	16	5,838	6,006
Management Fees	—	—	—	783	783	1,319
Due from Other Funds	49,459	—	—	—	49,459	43,667
Due from Federal Government	—	10,811	—	—	10,811	—
Other	796	—	—	—	796	2
Total Receivables	\$67,390	\$14,031	\$22,289	\$799	\$104,509	\$73,302
Investments, at Fair Value						
Short-Term Investments:						
Domestic	\$225,221	\$109,226	\$1,379	\$3,958	\$339,784	\$464,816
Equity Securities:						
Domestic	—	—	653,385	—	653,385	520,583
International	—	—	448,009	—	448,009	350,090
Debt Securities:						
Domestic	352,599	—	995,400	—	1,347,999	861,208
Real Estate Equities	—	—	107,177	—	107,177	89,721
Total Investments	\$577,820	\$109,226	\$2,205,350	\$3,958	\$2,896,354	\$2,286,418
Total Assets	\$645,240	\$137,344	\$2,229,274	\$4,757	\$3,016,615	\$2,365,799
Liabilities						
Current Liabilities						
Insurance Premiums & Claims in Process of Payment	\$14,019	\$18	\$7,193	\$ —	\$21,230	\$16,486
Estimated Insurance Claims Due	173,422	—	114,885	—	288,307	267,448
Management Fees	—	—	—	2,507	2,507	1,973
Due to Other Funds	4,426	52,215	558	1,485	58,684	46,746
Due to State & Public Agencies	727	—	—	—	727	—
Other	4,066	70,498	32,880	—	107,444	33,605
Total Current Liabilities	\$196,660	\$122,731	\$155,516	\$3,992	\$478,899	\$366,258
Long-Term Liabilities						
Estimated Liability for Future Policy Benefits	\$ —	\$ —	\$2,916,015	\$ —	\$2,916,015	\$2,434,715
Total Long-Term Liabilities	\$ —	\$ —	\$2,916,015	\$ —	\$2,916,015	\$2,434,715
Total Liabilities	\$196,660	\$122,731	\$3,071,531	\$3,992	\$3,394,914	\$2,800,973
Total Unrestricted Net Assets (Deficit)	\$448,580	\$14,613	(\$842,257)	\$765	(\$378,299)	(\$435,174)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET ASSETS — PROPRIETARY FUNDS

For the Year Ended June 30, 2007 (with Comparative Totals for the Year Ended June 30, 2006)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2007	2006
Operating Income						
Operating Revenues						
Self-Insurance Premiums	\$1,390,819	\$ —	\$241,495	\$ —	\$1,632,314	\$1,454,900
Administrative Fees Earned	—	16,147	—	287	16,434	13,872
Investment Management Fees Earned	—	—	—	308	308	628
Other	—	362	—	—	362	382
Total Operating Revenues	\$1,390,819	\$16,509	\$241,495	\$595	\$1,649,418	\$1,469,782
Operating Expenses						
Claims Expenses	\$1,198,348	\$ —	\$87,324	\$ —	\$1,285,672	\$1,209,766
Increase in Estimated Liabilities	14,358	—	487,800	—	502,158	219,060
Administrative Expenses	74,771	20,854	18,198	1,486	115,309	102,426
Total Operating Expenses	\$1,287,477	\$20,854	\$593,322	\$1,486	\$1,903,139	\$1,531,252
Operating Income (Loss)	\$103,342	(\$4,345)	(\$351,827)	(\$891)	(\$253,721)	(\$61,470)
Non-Operating Revenues						
Net Appreciation in						
Fair Value of Investments	\$2,009	\$ —	\$273,275	\$ —	\$275,284	\$108,737
Interest, Dividends & Other						
Investment Income	18,060	9,279	7,793	180	35,312	36,183
Total Non-Operating Revenues	\$20,069	\$9,279	\$281,068	\$180	\$310,596	\$144,920
Change in Unrestricted Net Assets	\$123,411	\$4,934	(\$70,759)	(\$711)	\$56,875	\$83,450
Total Unrestricted Net Assets (Deficit)						
Beginning of Year	\$325,169	\$9,679	(\$771,498)	\$1,476	(\$435,174)	(\$518,624)
End of Year	\$448,580	\$14,613	(\$842,257)	\$765	(\$378,299)	(\$435,174)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS

For the Year Ended June 30, 2007 (with Comparative Totals for the Year Ended June 30, 2006)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2007	2006
Cash Flows From Operating Activities						
Self-Insurance Premiums Collected	\$1,379,993	\$ —	\$236,414	\$ —	\$1,616,407	\$1,454,553
Claims Paid	(1,185,536)	—	(86,184)	—	(1,271,720)	(1,218,665)
Other (Payments) Receipts	(76,943)	54,955	(12,965)	(888)	(35,841)	(160,505)
Net Cash Provided (Used) by Operating Activities	\$117,514	\$54,955	\$137,265	(\$888)	\$308,846	\$75,383
Cash Flows From Investing Activities						
Net Purchases of Investments	(\$314,740)	\$ —	(\$144,944)	\$ —	(\$459,684)	(\$45,206)
Net Change in Short-Term Investments	177,480	(52,645)	(509)	706	125,032	(59,955)
Interest & Dividends Received	19,776	7,728	7,793	182	35,479	33,984
Net Cash (Used) Provided by Investing Activities	(\$117,484)	(\$44,917)	(\$137,660)	\$888	(\$299,173)	(\$71,177)
Net Increase (Decrease) in Cash & Cash Equivalents	\$30	\$10,038	(\$395)	\$ —	\$9,673	\$4,205
Cash & Cash Equivalents, Beginning of Year	\$ —	\$4,049	\$2,030	\$ —	\$6,079	\$1,874
Cash & Cash Equivalents, End of Year	\$30	\$14,087	\$1,635	\$ —	\$15,752	\$6,079
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$103,342	(\$4,345)	(\$351,827)	(\$891)	(\$253,721)	(\$61,470)
Estimated Insurance Claims Due to Health Care Providers	14,359	—	—	—	14,359	(341)
Changes in Assets & Liabilities:						
Receivables:						
Member, Public Agency, State & School	(10,826)	1,393	(5,081)	—	(14,514)	(12,209)
Due from Other Funds	(5,792)	—	—	—	(5,792)	(4,294)
Due from Federal government	—	(10,811)	—	—	(10,811)	—
Other	(796)	2	—	536	(258)	96
Insurance Premiums & Claims in Process of Payment	12,812	(9,208)	1,140	—	4,744	10,929
Liability for Future Policy Benefits	—	—	487,800	—	487,800	219,400
Due to Other Funds	5,153	8,623	(43)	(1,067)	12,666	1,007
Other	(738)	69,301	5,276	534	74,373	(77,735)
Net Cash Provided (Used) by Operating Activities	\$117,514	\$54,955	\$137,265	(\$888)	\$308,846	\$75,383
Noncash Investing, Capital & Financing Activities						
Noncash Change in Fair Value of Investments in Securities	\$2,548	\$ —	\$154,460	\$ —	\$157,008	\$108,671

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. General Description of the Plan

General

The State Employees' Retirement System, the predecessor to the Public Employees' Retirement System of the State of California (CalPERS), or the "System," was created after voters approved a constitutional amendment authorizing legislation to establish a pension system for State employees. Such legislation became effective January 1, 1932. CalPERS has expanded to include, among others, employees of local agencies which elect to participate in the System. The Board of Administration (Board) of CalPERS administers a total of 17 funds, including five defined benefit retirement plans: the Public Employees' Retirement Fund (PERF), the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), and the Volunteer Firefighters' Length of Service Award Fund (VFF); four defined contribution retirement plans: the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Replacement Benefit Fund (RBF), and the Supplemental Contributions Program Fund (SCPF); one defined benefit post-employment healthcare plan, the California Employers' Retirement Benefit Trust Fund (CERBTF); two health care plans: the Public Employees' Health Care Fund (HCF) and the Public Employees' Contingency Reserve Agency Fund (CRF); and four other plans: the Public Employees' Long-Term Care Fund (LTCF), the Public Employees' Deferred Compensation Fund (DCF), the Old Age & Survivors' Insurance Revolving Fund (OASI), and the Public Employees' Contingency Reserve Proprietary Fund (CRF). The Special Deposit Fund (SDF) was closed in the 2006-2007 fiscal year and all assets were transferred to the CRF Proprietary Fund.

Reporting Entity

The basic financial statements of CalPERS include fund financial statements reporting the financial activities of all of the above funds and assets under trust. The CalPERS Board of Administration has plenary authority and fiduciary responsibility for the investment of monies and the administration of the System pursuant to the State Constitution, Article XVI, Section 17. CalPERS is a unit of the State of California State and Consumer Services Agency; however, CalPERS is not subject to administrative direction

by any department, commission, board, bureau, or agency of the State. As such, CalPERS is classified as a component unit of the State of California for financial reporting purposes, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 39.

CalPERS financial statements are included in fiduciary and proprietary funds in the State of California Comprehensive Annual Financial Report.

Defined Benefit Pension Plans

The PERF, LRF, JRF, and JRF II are defined benefit pension plans which provide benefits based on members' years of service, age, final compensation, and benefit formula. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. California Government Code Section 50951 created the VFF as an award system that provides benefits based on members' years of service and age. VFF enrollment, receipt of an award, and service credit shall not be construed as a retirement, retirement allowance or benefit, or as retirement system service credit, respectively. However, for financial statement purposes, the VFF is included as part of the pension trust funds.

The State of California and 1,560 public agencies and schools (representing more than 2,600 entities) contribute to the PERF, JRF, and JRF II, which are agent multiple employer and cost-sharing defined benefit pension plans. CalPERS acts as the common investment and administrative agent for the member agencies, including schools (for classified employees). The LRF is a single-employer defined benefit pension plan for the State of California. The VFF is an agent multiple employer defined benefit pension plan with 47 participating fire departments. The VFF provides cities, counties, or districts that have fire departments with volunteer firefighting members the opportunity to offer such members an award for lifelong and faithful volunteer service.

Members of the PERF, LRF, JRF, and JRF II become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. VFF members become vested after 10 years of credited service and are eligible to receive an award payment at age 60.

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

The PERF was established in 1932, the LRF in 1947, the JRF in 1937, JRF II in 1994, and the VFF in 1980. As of June 30, 2007, the number of affiliated employers for the PERF, LRF, JRF, JRF II, and VFF are as follows:

	2007
Public Employees' Retirement Fund	
State	1
School	61
Public Agency	1,499
Total Employers — Public Employees' Retirement Fund	1,561
Legislators' Retirement Fund	1
Judges' Retirement Fund	59
Judges' Retirement Fund II	59
Volunteer Firefighters' Award Fund	47

As of June 30, 2007, benefit recipients and members in the PERF, LRF, JRF, JRF II, and VFF consisted of the following:

	2007								
	PERF			Total PERF	LRF	JRF	JRF II	VFF	Total
	State	School	Public Agency						
Retirees	141,810	133,913	119,727	395,450	144	1,132	6	149	396,881
Survivors & Beneficiaries	24,345	19,087	16,326	59,758	125	570	5	3	60,461
Members									
Active	247,287	311,735	263,602	822,624	13	683	915	318	824,553
Inactive	81,148	97,940	85,188	264,276	33	73	—	3,749	268,131
Total	494,590	562,675	484,843	1,542,108	315	2,458	926	4,219	1,550,026

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

The membership consists of the following categories.

PERF

- *Safety* — includes California Highway Patrol, peace officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.
- *Schools* — includes non-teaching, non-certificated school employees.
- *State Industrial* — includes all employees of the Department of Corrections and the California Youth Authority who are not safety members.
- *General* — includes all other members, defined by statute as “miscellaneous” members.

LRF

- State Legislators
- Constitutional Officers
- Legislative Statutory Officers

JRF

- *Judges* — includes Supreme Court, Courts of Appeal, and Superior Courts appointed or elected before November 9, 1994.

JRF II

- *Judges* — includes Supreme Court, Courts of Appeal and Superior Courts appointed or elected on or after November 9, 1994.

VFF

- Volunteer Firefighters

Financing

The benefits for the PERF, LRF, JRF, and JRF II are funded by contributions from members and employers, and earnings from investments. The benefits for the VFF are funded solely by contributions from employers and earnings from investments. Member and employer contributions for the PERF, LRF, JRF, and JRF II are a percentage of

applicable member compensation. Member contribution rates for the PERF, LRF, JRF, and JRF II are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the Public Employees’ Retirement Fund, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of active plan members are based on a percentage of salary in excess of a base compensation amount ranging from \$133 to \$863 monthly. For the fiscal year ended June 30, 2007, the required contribution rates for active plan members are as follows.

PERF

State Employees:

Miscellaneous & Industrial	5% or 6%
Miscellaneous & Industrial — Second Tier	0%
Safety	6%
Peace Officers & Firefighters	8%
California Highway Patrol	8%
Classified School Employees	7%
Public Agency Employees	5% to 9%

LRF	0%
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JRF	8%
------------	----

JRF II	8%
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VFF	Non-Contributory
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These contributions are deposited in a fund established for each entity for the purpose of creating actuarial reserves for future benefits.

All employees in a covered class of employment who work on a half-time basis or more are eligible to participate in the retirement plans. CalPERS administers several different retirement plans, each providing a monthly allowance based on age, years of credited service, the benefit formula, and highest average compensation over an established period of one year to three years. For the VFF, highest average compensation is not a consideration in determining a monthly allowance. All plans provide death and disability benefits except the VFF, which does not provide disability benefits. Within the PERF, the benefit provisions for the

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

State and school employees are established by statute. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees' Retirement Law. The benefits for the LRF are established in accordance with the provisions of the Legislators' Retirement Law. The benefits for the JRF are established in accordance with the provisions of the Judges' Retirement Law. The benefits for the JRF II are established in accordance with the provisions of the Judges' Retirement System II Law. The benefits for the VFF are established in accordance with the provisions of the Volunteer Firefighters' Length of Service Award Act.

In November 1990, Article IV, Section 4.5 was added to the State Constitution by adopting Proposition 140. This section effectively prohibited future Legislators from earning State retirement benefits for service in the Legislature on or after November 7, 1990, though it recognized vested pension benefits that had accrued before that date.

Due to the effects of Proposition 140, there are no current legislators eligible to participate in the Legislators' Retirement Fund. The only active members in the fund are Constitutional Officers (including the Insurance Commissioner and members of the Board of Equalization) and Legislative Statutory Officers.

Costs of administering the funds are financed through contributions and investment earnings of the funds.

Termination

Upon separation from the retirement plans, accumulated member contributions are refundable, with interest credited through the date of refund, as required by applicable laws. Withdrawal of such accumulated contributions results in forfeiture of the related vested benefits.

In the event that public agencies elect to terminate their contracts with the retirement plans, accumulated member and employer contributions, interest, and the related liability for benefits may be transferred to the employers. If amounts are not transferred to the employer, sufficient assets required to cover the related liability for benefits are retained in the retirement plans. Excess assets above those required, if any, are returned to the employer, while the employer is billed for any deficiency in assets.

CERBTF

The California Employers' Retirement Benefit Trust Fund (CERBTF) was established by chapter 331 of the 1988 Statutes and initially funded in 2007. At June 30, 2007, two employers had elected to participate in the fund. The purpose of the fund is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of participating employer's plans. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for contributions to the plan. The CERBTF is an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 43 with pooled administrative and investment functions.

Participating employers may receive disbursements from the fund not to exceed the annual premium and other costs of eligible post-employment benefits. If the employer's participation in the fund terminates, all assets in the employer's prefunding account shall remain in the fund except as otherwise provided. Allowable termination disbursements are to a trustee or as a trustee transfer of assets upon satisfactorily showing to the Board the transfer will satisfy applicable requirements of the Internal Revenue Code and the Board's fiduciary duties, or the employer substantiates to the Board that all of the employer's obligations for the payment of post-employment benefits has been satisfied. At June 30, 2007, there were 543 active and 184 retired miscellaneous participants.

Costs to administer the plan are determined through the CalPERS Board-approved cost-allocation plan, where actual direct and indirect costs of administering the System are equitably assessed to each fund.

Defined Contribution Plans

SPOFF

The State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF) is a defined contribution pension plan established by Chapter 820 of the 1998 Statutes. The plan is a qualified money purchase pension plan under Section 401(a) of Title 26 of the Internal

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Revenue Code, and is intended to supplement the retirement benefits provided by the PERF to eligible correctional officers employed by the State of California.

Contributions to the plan are funded entirely by the employer, with a contribution rate of 2 percent of the employee's base pay, not to exceed contribution limits established by the Internal Revenue Code. Contribution requirements are established and may be amended through a Memorandum of Understanding from the State of California Department of Personnel Administration. These contributions, as well as the participant's share of the net earnings of the fund, are credited to the participant's account.

The net earnings of the fund are allocated to the participant's account as of each valuation date, in the ratio that the participant's account balance bears to the aggregate of all participants' account balances. The benefit paid to participants will depend only on the amount contributed to participant's account and earnings on the value of the participant's account. Plan provisions are established and may be amended by statute. At June 30, 2007, there were 37,760 participants.

IRC 457

The Public Agency Deferred Compensation Program (IRC 457) is an Internal Revenue Code Section 457(g) defined contribution plan administered by State Street Bank & Trust Company (acting as an agent of CalPERS) to provide benefits at retirement to public agency employees. Plan participation is voluntary to employees of participating public agencies, and contributions are separate from the defined benefit contributions made to CalPERS.

Members may contribute up to the limits established under the Internal Revenue Code. At June 30, 2007, there were 22,123 participants with account balances.

Members of the plan are allowed to change their contribution amount, transfer account balances among 14 investment options, or change the contribution percentages designated to each option on a daily basis. The 14 investment options are: Money Market Fund, Stable Fixed Income Fund, Bond Fund, S&P 500 Equity Index Fund, Active Large Cap Equity Fund, Russell 2000 Index

Fund, Active Small Cap Equity Fund, International Equity Fund, Conservative Allocation Fund, Moderate Allocation Fund, Aggressive Allocation Fund, Insured Money Market Account, Certificate of Deposit, and the Self-Managed Options. Members may access their funds upon retirement, separation from employment, or other distributions as allowed under the Internal Revenue Code. The CalPERS Board of Administration has authorization under the Government Code of the State of California to establish plan provisions.

RBF

The Replacement Benefit Fund (RBF) was established by Chapter 938 of the 1995 Statutes and initially funded in 1998 to provide benefits to members of the PERF whose retirement benefit exceeds Internal Revenue Code Section 415(b) limits. IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan.

The RBF is funded on a "pay-as-you-go" basis. That is, money collected from an employer during any calendar year must be paid to the retiree during that same year. Employer contributions must be in amounts "equivalent to" the benefits not paid as a result of the limitations of IRC Section 415(b). CalPERS calculates the member's retirement allowance based on the member's choice of retirement option. CalPERS also is responsible for calculating the applicable dollar limit under IRC Section 415(b), and setting the employer rates. At June 30, 2007, there were 117 retirees in the RBF.

SCPF

The Supplemental Contributions Program Fund (the program) was established January 1, 2000, by Chapter 307 of the 1999 Statutes, as a separate trust fund for the Supplemental Contributions Program, a defined contribution plan that provides supplemental benefits at retirement to members of CalPERS. The program is a qualified plan under Section 401(a) of Title 26 of the United States Code, administered by CalPERS.

Currently, the program is available only to State of California employees who are members of CalPERS. The program is entirely member funded, and participation is voluntary. Participant contributions are made on an

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

after-tax basis and are separate from the defined benefit contributions made to CalPERS. Participants may be able to contribute to a deferred compensation or 401(k) plan in conjunction with the program, if the participant remains within the Internal Revenue Code Section 415(c) limits. Distributions are allowed only at retirement or permanent separation from employment. The CalPERS Board of Administration has authorization under the Government Code of the State of California to establish plan provisions. At June 30, 2007, there were 750 participants in the program.

Other Funds Administered by CalPERS

OASI

The Old Age & Survivors' Insurance Revolving Fund (OASI) was established to consolidate the collection and payment for California public agencies of employee and employer contributions under the provisions of the federal Social Security regulations.

Federal legislation was enacted on October 21, 1986, which required direct remittance of Social Security contributions by individual public agencies and eliminates the intermediary collection and remittance of such contributions by individual public agencies and by State Social Security agencies, such as the OASI. As such, effective January 1, 1987, the OASI stopped receiving contributions from public agencies. Since then the OASI fund has operated in the capacity of an intermediary in the reconciliation of past year's payroll contributions to the federal government and to reimburse the PERF for OASI contract management services. As reconciliations are completed, amounts will be collected and transmitted to the federal government or returned to the local governments. If any liabilities are owed which the OASI cannot collect, the State of California or the appropriate public agency is responsible for payment.

HCF

The Public Employees' Health Care Fund (HCF) was established under the Public Employees' Medical and Hospital Care Act (PEMHCA) as of July 1, 1988. The self-funded plans, PERS Choice and PERSCare, are risk pools available to all entities that contract for health insurance

coverage under PEMHCA. Having all members in a single risk pool spreads catastrophic claims over a large base and minimizes administrative expenses. PERS Choice and PERSCare retain all the risk of loss of allowable health claims. Fund members are not subject to a supplemental assessment in the event of deficiencies. Premium rates for PERS Choice and PERSCare are set by the Board based on a trend analysis of the historic cost, utilization, demographics, and administrative expenses of the HCF to provide for the claims incurred and the actuarially determined required level of reserves.

PERS Choice and PERSCare rely on operating cash flows and investment income to fund health benefit payments. During the 2007 fiscal year, the Board continued to increase member premiums to mitigate the impact of increasing costs associated with enrollment growth, increases in provider pricing, and increased benefit utilization. Management believes that the current sources of funding for PERS Choice and PERSCare will be adequate to provide for benefits of the plans.

Public agencies participating in PERS Choice and PERSCare are required to make periodic premium payments based on rates as established by CalPERS. Plan members pay the difference between the premium rate and the employers' contribution. Administrative costs are financed through investment earnings.

CRF

The Public Employees' Contingency Reserve Fund (CRF) was established in 1962, with the passage of PEMHCA, to fund administrative costs related to the PEMHCA program, and as a contingency reserve for such items as increases in future rates or in future benefits. PEMHCA was expanded to include local public agency employees on a contract basis in 1967. The CRF is reimbursed by the State and contracting public agencies for costs incurred for administering the program.

In the 2007 fiscal year, pursuant to GASB Statement 43, activity in the CRF is reported in two separate fund types. Administrative fees collected and related costs are accounted for in the CRF proprietary fund type. Public agency health payments and remittances to contracted health care providers are reported in the CRF Agency Fund type.

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

PEMHCA establishes eligibility rules for the following:

- retirees and beneficiaries receiving health care benefits;
- terminated plan members entitled to but not yet receiving benefits; and
- active plan members.

Administrative costs include direct costs of the program and a proportionate share of indirect costs allocated to the CRF by the PERF. The administrative fee is determined as a percentage of insurance premiums paid by the employers. The administrative fee for the year ended June 30, 2007, was 0.27 percent. Contribution rates are reviewed annually and are adjusted, if needed, to cover budgeted administrative costs.

Public agency employers whose employees do not elect PERS Choice and PERSCare submit the provider-determined, Board-approved premiums to the CRF Agency Fund which, in turn submits the premiums to the respective provider.

At June 30, 2007, 1,140 entities participated in health insurance coverage under PEMHCA.

LTCF

The Public Employees' Long-Term Care Fund (LTCF) began providing self-insured long-term care plans in 1995. The LTCF operates by providing long-term care coverage to enrolled members under the Public Employees' Long-Term Care Act (PERL, Chapter 15). The fund contracts with a third party to administer the program. Long-term care coverage is offered to all public employees (active or retired), their spouses, parents, parents-in-law, and siblings. The LTCF is a member-paid program with no contributions from employers. Premium rates are recommended to the Board by the program actuary and are set by the Board. Prospective enrollees apply directly to the program for long-term care coverage.

As of June 30, 2007, there are 171,412 enrollees and 3,467 participants receiving benefits.

The unrestricted net deficit in the LTCF of \$842.3 million at June 30, 2007, is attributable to an increase in estimated liabilities due to significant growth of inflation-adjusted policies. The CalPERS Board of Administration increased

premiums in the 2006-2007 fiscal year to eliminate future deficits. In addition, the LTCF is in the process of reviewing its current policies and exploring different options to address the deficit.

DCF

The Public Employees' Retirement System Deferred Compensation Fund (DCF) accounts for revenues and expenses associated with administrative and investment management services provided to other governments by CalPERS staff. The services provided assist other governments with their administration of deferred compensation plans. Revenues come from fees assessed the State of California Department of Personnel Administration, sponsor of the State of California Savings Plus Program, for managing one investment portfolio, and various State of California public agencies for managing 14 investment portfolios offered in the CalPERS IRC 457 plan. Expenses of the DCF are costs incurred to hire and support the CalPERS staff needed to implement the investment management and administrative services.

The DCF was established by Chapter 1659 of the 1990 Statutes, which added Government Code Sections 21420-21429. These Government Code Sections were subsequently renumbered to Government Code Sections 21670-21685 by Chapter 379 of the 1995 Statutes. Operation and initial funding of the DCF commenced July 1991.

The net assets of the portfolio managed by CalPERS for the State of California Savings Plus Program are not included in the accompanying financial statements.

Financial statements for the portfolio managed by CalPERS for the State of California Savings Plus Program may be obtained by contacting CalPERS.

SDF

The Special Deposit Fund (SDF) is a trust fund in the State Treasury that provides a depository for money which has been received in trust for a specific purpose by a State agency, but for which no other fund has been created to receive those funds. This fund is used by CalPERS, as a retiree prescription drug plan sponsor, to deposit money

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

received from the Centers for Medicare and Medicaid Services (CMS) pursuant to the Part D Retiree Drug Subsidy of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

As a retiree prescription drug plan sponsor, CalPERS is eligible, under Part D guidelines, for a 28 percent subsidy payment based on each qualifying covered retiree's annual allowable prescription drug cost. CalPERS submits qualifying prescription drug expenditures to CMS and, upon approval, receives the reimbursement.

The Board of Administration requested the California Attorney General to render an opinion on the disposition of the moneys residing in the SDF. On November 2, 2006, the Attorney General opined that the Retiree Drug Subsidy funds within the SDF are to be deposited in the Public Employees' Contingency Reserve Fund. As determined by the CalPERS Board of Administration, these funds may be used to offset increases in future premium rates, reduce annuitant and employer contributions, cost containment, or increase benefits with respect to those funds that generate the Retiree Drug Subsidy. All assets of the SDF were transferred to the CRF in the 2006-2007 fiscal year.

2. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting & Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Due to the types of investments held by the CRF and DCF, there was no appreciation (depreciation) in the fair value of investments in fiscal year 2007. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from prior periods.

The accounts of CalPERS are organized and operated on the basis of funds. CalPERS has the following fund types at June 30, 2007:

Fiduciary funds — including pension trust, other post-employment trust, and agency funds, account for assets held by the government in a trustee capacity or as an agent on behalf of others. The pension trust funds (PERF, LRF, JRF, JRF II, VFF, SPOFF, IRC 457, RBF, and SCPF) and the other post-employment health care fund (CERBTF) are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions for the PERF, LRF, JRF, JRF II, IRC 457, and SCPF are recognized in the period in which the contributions are due. Employer contributions for the PERF, JRF, JRF II, SPOFF, CERBTF, RBF, and VFF are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits under the defined benefit plans and refunds are recognized when due and payable in accordance with the terms of each plan. The agency funds (OASI, SDF, and CRF) are custodial in nature and do not measure the results of operations. Assets and liabilities are recorded using the accrual basis of accounting.

Proprietary funds — including enterprise funds (HCF, CRF, LTCE, and DCF) are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. CalPERS applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations, and follows FASB pronouncements issued prior to December 1, 1989, insofar as those standards do not conflict or contradict guidance of the GASB.

Operating revenues and expenses are distinguished from non-operating items and generally result from providing services in connection with ongoing operations. The principal operating revenues of the HCF, CRF, LTCE, and DCF are derived from self-insurance premiums and providing administrative services. Operating expenses include the cost of claims and related administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

GASB Statement No. 43

In April of 2004, the GASB issued Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The provisions of GASB Statement 43 are effective for financial statements for

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

periods beginning after December 15, 2005. The purpose of the Statement is to establish uniform standards of financial reporting by governmental entities for other post employment benefit (OPEB) plans. The Statement establishes standards for financial reporting of OPEB plan assets, liabilities, and net assets. Also, GASB 43 establishes disclosure standards of actuarial information about the funded status and funding progress of the OPEB plan, and the contributions made by the plan sponsor in comparison to the annual required contributions of the employer(s). CalPERS has implemented the provisions of GASB Statement No. 43 for the fiscal year ending June 30, 2007.

Investments

As a result of Proposition 162 (State Constitution, Article XVI, Section 17), the CalPERS Board of Administration has plenary authority and fiduciary responsibility for the investment of monies. CalPERS invests in stocks, bonds, mortgages, real estate, alternative, and other investments. Alternative investments include two components: direct investments and partnerships. CalPERS maintains certain deposits, cash equivalents, and other investments with financial institutions.

Investments are reported at fair value. Certain construction projects and alternative investments are reported at cost, which approximates market value. The fair values of investments in securities are generally based on published market prices and quotations from major investment firms. Many factors are considered in arriving at fair value. In general, corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock, less an appropriate discount. Investments held in internally and externally managed investment pools have been reported at fair value.

Mortgages are valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments, principally rental property subject to long-term net leases, is estimated based on independent appraisals. Short-term investments are reported at market value, when available, or at cost plus accrued interest, which approximates market value when market values are not available. For

investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments. Alternative investments are valued based upon partnerships' June 30, 2007 financial statements.

There are certain market risks, credit risks, liquidity risks, foreign currency exchange risks, and event risks which may subject CalPERS to economic changes occurring in certain industries, sectors, or geographies.

Derivatives

Under the State Constitution and statutory provisions governing CalPERS investment authority, CalPERS, through its outside investment managers, holds investments in futures and options and enters into forward foreign currency exchange contracts. Futures and options with fair values of approximately \$30.3 million are held for investment purposes and included within the financial statements at June 30, 2007. Gains and losses on futures and options are determined based upon quoted market values and recorded in the Statement of Changes in Fiduciary Net Assets.

Due to the level of risk associated with certain derivative investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign securities. At June 30, 2007, CalPERS has approximately \$30.2 million net exposure to loss from forward foreign currency exchange transactions related to the approximately \$5.7 billion and \$49.1 billion international debt and equity portfolios, respectively.

CalPERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. CalPERS anticipates that the counterparties will be able to satisfy their obligations under the contracts.

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Capital Assets

Capital assets are defined by CalPERS as assets with an initial individual cost of \$5,000 or more, and an estimated useful life in excess of one year.

Capital assets held by the PERF, consisting of buildings, furniture, and equipment, are recorded at cost or, if donated, at their estimated fair market value at the date of donation. Capital assets are depreciated over their estimated useful lives, ranging from one to five years for furniture and equipment and 40 years for buildings, using the straight-line method of depreciation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets held in trust for pension and post-employment healthcare benefits and changes therein, IBNR, claims payable, and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

Comparative Totals

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CalPERS financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the comparative totals as of and for the year ended June 30, 2006, to conform to the presentation as of June 30, 2007.

3. Cash & Cash Equivalents

Cash and cash equivalents of approximately \$347.0 million in 2007 represent amounts held in the CalPERS general operating accounts with the State Treasury. These monies are not individually identifiable by fund, as they are pooled

with the monies of other State agencies and invested by the State Treasurer's Office.

4. Investments

For the year ended June 30, 2007, State Street Bank & Trust Company was the master custodian for significantly all of the securities of CalPERS, however, certain securities are held by alternative investment managers. Real estate deeds of trust are held in the name of Limited Liability Corporations and Partnerships. The investments held by the PERF, LRF, JRF II, VFF, SCPE, CERBTf and LTCF have been commingled in internally managed investment pools. The investment pools are an internally managed domestic equity pool, an internally managed debt securities pool, and an international equity securities pool managed by State Street Bank & Trust Company. Each of the six funds has a different asset allocation based on Board-approved policy.

In accordance with GASB Statement 40, CalPERS discloses investments of all CalPERS managed funds that are subject to certain risks: custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

GASB Statement 40 investment risk disclosures begin on page 50, disclosing the investments subject to the various risks for the PERF and all other affiliate funds.

Securities Lending

The State Constitution and CalPERS Board policies permit CalPERS to use investments of the PERF to enter into securities lending transactions; collateralized loans of securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. CalPERS has contracted with Boston Global Advisors (BGA), eSecLending LLC (eSec), Credit Suisse (CS), State Street Bank & Trust (SSB), and Wachovia Global Securities Lending (WGSL, formerly Metropolitan West Securities, LLC) as third-party securities lending agents to lend domestic and international equity and debt securities. Additionally, CalPERS contracts with eSecLending as an administrative agent for CalPERS principal borrowers.

Domestic and international securities are collateralized for cash at 102 percent and 105 percent of the securities market

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

value. Management believes CalPERS has minimized credit risk exposure to borrowers by requiring the borrower to provide collateralization greater than 100 percent of the market value of the securities loan. The securities loaned are priced daily. On June 30, 2007, the fair market value of the securities on loan was \$44.8 billion.

In the event that a borrower fails to return the securities or fails to remit income distributions by the securities' issuers to CalPERS while the securities are on loan, the agent is responsible for the associated costs. Securities on loan can be recalled on demand by CalPERS, and loans of securities may be terminated by CalPERS or the borrower. CalPERS may enter into term loan agreements which are evaluated on an individual basis.

The cash collateral is invested in accordance with CalPERS investment guidelines in short-term, high-credit quality fixed income securities. Currently, CS, eSec, and CalPERS manage the unrated cash collateral pools. For the year ended June 30, 2007, the cash collateral pools invested by CS, eSec, CalPERS High Quality Libor and CalPERS Short Duration Libor in short-term securities had weighted average maturities of 46 days, 158 days, 547 days, and 410 days, respectively, and durations of 1, 18, 36, and 40 days, respectively.

Real Estate

Real estate investments are classified as investments in accordance with GASB Statement 25. Certain real estate investments are leveraged whereby partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt. At June 30, 2007, real estate equities of approximately \$37.0 billion are reported at estimated fair market value net of short-term liabilities. Of this amount \$20.1 billion is equity and \$16.9 billion is long-term debt.

Required repayment of real estate debt is as follows.

(Dollars in Thousands)

Debt Matures Year Ending June 30	Amount
2008	\$2,388,420
2009	2,845,777
2010	2,862,716
2011	2,032,698
2012	1,101,045
2013-2017	4,268,665
2018-2022	575,931
2023-2027	33,878
2028-2032	508,174
2033-2037	321,844
Grand Total	\$16,939,148

Other Investment Income

Total other investment income earned by CalPERS in the 2007 fiscal year is \$392.7 million. This total consists of income from securities litigation, sale of fractional shares, other miscellaneous income earned across all other investment portfolios, amortization income earned in the fixed income portfolios, and \$2.0 million from the directed brokerage program.

The following investment risk schedules disclose CalPERS investments subject to certain types of risk, pursuant to GASB Statement 40. Each schedule discloses investments of all funds managed by CalPERS subject to each type of risk. Some securities are held in internally-managed investment pools shared by all funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Custodial Credit Risk

CalPERS does not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in CalPERS name. Nor does CalPERS have any investments that are not registered in the name of CalPERS and are either held by the counterparty or the counterparty's trust department or agent, but not in CalPERS name.

Concentration of Credit Risk

CalPERS does not have investments in any one issuer which represent 5 percent or more of total fair value of all investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolios using the effective duration

or option-adjusted methodology. The System's investment policies require the option-adjusted duration of the total fixed income portfolio to stay within 20 percent of the option-adjusted duration of its benchmark (Lehman Brothers Long Liabilities). All individual portfolios are required to maintain a specified level of risk relative to their benchmark. Risk exposures are monitored daily. These are reported grouped by effective duration ranges.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policies establish general as well as specific risk measures for the fixed income portfolio. From the most general perspective, 90 percent of the total fixed income portfolio must be invested in investment-grade securities.

Investment-grade securities are those fixed income securities with a Moody's rating of AAA to BAA or a Standard & Poors rating of AAA to BBB. Each portfolio is required to maintain a specified risk level. Portfolio exposures are monitored daily.

CalPERS — Debt Security Investments Subject to Interest Rate Risk

(Dollars in Thousands)

	Market Value June 30, 2007	Percent of All Debt Securities	Portfolio Weighted Average Effectuated Duration (Years)
Debt Security Type			
U.S. Treasuries & Agencies	\$16,650,258	24.9%	9.01
Mortgages	25,256,693	37.8	6.39
Corporate	13,447,274	20.1	8.69
Asset Backed	1,322,684	2.0	3.65
Private Placement	9,161	0.0	2.06
International	6,778,416	10.1	6.96
Not Rated:			
Commingled	43,924	0.1	N/A
Cash Equivalent	1,599,160	2.4	N/A
Corporate	520,874	0.8	N/A
Asset Backed	286,803	0.4	N/A
Mortgages	637,093	1.0	N/A
Private Placement	235,416	0.4	N/A
Total¹	\$66,787,756	100.0%	

Note:

¹ The above table represents the fair value of investments in the fixed income portfolios. The debt securities investments line item in the statement of fiduciary net assets and the statement of net assets are reported at net asset value which includes accruals for certain unitized portfolios.

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

CalPERS

Debt investment securities of all CalPERS managed funds at market value that are subject to credit risk.

CalPERS — At Market Value Subject to Credit Risk

(Dollars in Thousands)

Moody's Quality Rating	Fair Value	Fair Value as a Percent of Total Debt Security Investments
AAA	\$26,868,346	40.2%
AA1	362,973	0.5
AA2	551,292	0.8
AA3	808,464	1.2
A1	616,490	0.9
A2	1,812,070	2.7
A3	1,191,760	1.8
BAA1	3,028,088	4.5
BAA2	3,314,482	5.0
BAA3	1,738,922	2.6
BA1	278,347	0.4
BA2	448,492	0.7
BA3	45,610	0.1
B1	147,845	0.2
B2	100,372	0.2
B3	131,977	0.2
CA	63	0.0
NA ¹	11,568,829	17.3
NR ²	13,773,334	20.6
Total³	\$66,787,756	100.0%

Notes:

¹ NA represents those securities that are not applicable to the rating disclosure requirements.

² NR represents those securities that are not rated.

³ The above table represents the fair value of investments in the fixed income portfolios. The debt securities investments line item in the statement of fiduciary net assets and the statement of net assets are reported at net asset value which includes accruals for certain unitized portfolios.

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Foreign Currency Risk

Foreign currency risk is defined as any deposits or investments that are denominated in foreign currencies, which bear a potential risk of loss arising from changes in currency exchange rates. The System's asset allocation and investment policies allow for active and passive investments in international securities. The System's target

allocation is to have 33 percent of total global equity assets invested in international equities and 11.5 percent of total fixed income invested in international securities. Real estate and alternative investments do not have a target allocation for international investments. The System uses a currency overlay program to reduce risk by hedging approximately 25 percent of the developed market international equity portfolio. Currency exposures are monitored daily.

CalPERS — International Investment Securities — At Fair Value at June 30, 2007

(U.S. Dollars in Thousands)

Investment securities of all CalPERS managed funds that are subject to foreign currency risk.

Currency	Equity	Alternative Investments	Fixed Income	Real Estate	Cash	Total
Argentine Peso	\$ —	\$ —	\$ —	\$ —	\$1,472	\$1,472
Australian Dollar	596,947	35,355	142,928	262	10,261	785,753
Brazilian Real	590,792	—	—	—	1,733	592,525
Canadian Dollar	314,911	81,431	99,722	—	8,410	504,474
Chilean Peso	42,766	—	—	—	2,695	45,461
Czech Koruna	19,366	—	—	—	176	19,542
Danish Krone	68,594	804	179,296	—	4,893	253,587
Egyptian Pound	28,372	—	—	—	—	28,372
Euro Currency	4,918,797	1,208,531	1,500,579	—	148,633	7,776,540
Hong Kong Dollar	338,629	—	—	481	10,456	349,566
Hungarian Forint	102,855	—	1,944	—	970	105,769
Indian Rupee	472,127	—	—	—	544	472,671
Indonesian Rupiah	139,602	—	—	—	114	139,716
Israeli Shekel	128,763	—	—	—	844	129,607
Japanese Yen	2,035,923	24,426	587,825	812	29,058	2,678,044
Malaysian Ringgit	161,602	—	—	—	164	161,766
Mexican Peso	407,169	—	13,652	—	1,151	421,972
Moroccan Dirham	104	—	—	—	—	104
New Taiwan Dollar	840,882	—	—	—	17,239	858,121
New Turkish Lira	206,670	—	—	—	5,291	211,961
New Zealand Dollar	7,092	—	—	—	98	7,190
Norwegian Krone	97,715	—	33,658	—	1,381	132,754
Philippine Peso	76,784	—	—	—	18,176	94,960
Polish Zloty	56,264	—	61,262	—	282	117,808
Pound Sterling	2,112,571	479,827	416,996	14,727	34,727	3,058,848
Singapore Dollar	228,361	—	—	713	4,002	233,076
South African Rand	466,900	—	—	—	7,097	473,997
South Korean Won	1,183,675	—	32,215	—	755	1,216,645
Sri Lanka Rupee	724	—	—	—	—	724
Swedish Krona	418,010	—	51,698	—	1,671	471,379
Swiss Franc	693,678	394	—	—	7,064	701,136
Thailand Baht	207,613	—	—	—	1,492	209,105
Total	\$16,964,261	\$1,830,768	\$3,121,774	\$16,994	\$320,850	\$22,254,647

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

5. Contributions & Reserves

Employer Contributions Actuarially Determined & Contributions Made

Employer contributions are calculated as a percentage of employer payroll. OPEB plan employer contributions are voluntarily determined by the employer and there are no long-term contracts for contributions. The payroll for employees covered by the PERF, JRF, and JRF II in 2007 was approximately \$40.6 billion, \$120.4 million, and \$145.6 million, respectively.

The PERF, CERBTf and JRF II use a Modified Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. That is, the method takes into account those benefits that are expected to be earned in the future, as well as those already accrued.

According to this cost method, the normal cost for an employee pension liability is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. The Entry Age Normal Actuarial Cost Method used by the PERF, CERBTf, and JRF II is modified by CalPERS so that the employers' total normal cost is expressed as a level percentage of payroll. The PERF, CERBTf, and JRF II use the level percentage of payroll method to amortize any unfunded actuarial liabilities.

The VFF uses the Unit Credit Actuarial Cost Method as the basis for its valuation. The LRF and JRF use the Aggregate Actuarial Cost Method as the basis for their valuations.

The significant actuarial assumptions used in the 2006 valuations to compute the actuarially determined contribution requirements for the PERF, JRF II, and VFF are the same as those used to compute the actuarial accrued liability. The CERBTf uses assumptions similar to the pension plans with the addition of the Health Cost Trend Rate assumption.

Assumptions used in the actuarial valuations are included in the Notes to Required Supplemental Schedules.

Restrictions on Net Assets Available for Benefits

Included in the Net Assets Held in Trust for Pension Benefits is a restricted reserve that, by law, is retained in the PERF

and LRF as a reserve against deficiencies in interest earned, potential losses under investments, court-mandated costs, and actuarial losses resulting from terminations, mergers, or dissolutions of contracting agencies. This reserve cannot exceed 0.2 percent of total assets of the PERF and the LRF, and totaled approximately \$514.7 million and \$285,000 as of June 30, 2007, for the PERF and LRF, respectively.

PERF

Actuarial valuations of the PERF are performed annually. The last valuation was performed as of June 30, 2006, for the State, schools, and public agencies.

The total 2007 net retirement contributions for the PERF amounted to approximately \$9.7 billion, of which \$6.4 billion (the actuarially determined annual required contribution) came from 1,561 employers and approximately \$3.3 billion came from nearly 823,000 members. Normal cost is 10.548 percent of covered payroll, and amortization of the unfunded liabilities is 4.655 percent of covered payroll. These figures are averages for all employers. The actual figures vary by each employer's plan.

LRF

The current contribution requirements of the LRF are based on actuarially determined rates promulgated as part of legislation passed in 1977.

Actuarial valuations of the LRF are required to be carried out at least every two years. The Board of Administration utilizes these actuarial valuations to make recommendations to the State for financing the Fund. For the fiscal year ending June 30, 2007, there was no statutory contribution required based on the June 30, 2005 valuation.

JRF

Contributions made by the State of California to the JRF are made pursuant to State statute and are not actuarially determined; however, an actuarial valuation of the JRF assets and liabilities is performed every year and is used by CalPERS to make recommendations for financing the JRF.

The California law which states that on and after January 1, 2004, the JRF shall be funded and actuarially

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

sound was amended in conjunction with the adoption of the Judges' Retirement System II Law, which, among other provisions, eliminated the requirement that the JRF be funded and actuarially sound. Recommendations to achieve the necessary level of contributions have been submitted by the CalPERS Board to the Legislature.

As of June 30, 2007, funding was provided from the following sources to meet benefit payment requirements:

- **Member Contributions** — 8 percent of applicable member compensation;
- **Employer Contributions** — 8 percent of applicable member compensation;
- **Filing Fees** — Varying amounts depending on fee rate and number of filings;
- **Investments** — Current yield on short-term investments;
- **State of California "Balancing Contributions"** — An amount required by the Judges' Retirement Law, at least equal to the estimated benefits payable during the ensuing fiscal year less the sum of 1) the estimated member contributions during the ensuing fiscal year and; 2) net assets available for benefits at the beginning of the fiscal year.

Under the pay-as-you-go basis, short-term investments as well as contributions received during the year are used to make benefit payments. Management and legal counsel believe the State of California is legally required to provide these required contributions to fund the benefits.

For the year ended June 30, 2007, the actual contributions made by the State to the JRF were approximately \$131.4 million, which is significantly less than the actuarially determined annual required contribution of approximately \$560.9 million.

Because current contributions are used to make benefit payments, the fund does not retain the accumulated contributions of active members. The cumulative contributions of all currently active members since inception were approximately \$145.1 million at June 30, 2007, which exceeded Net Assets Held in Trust for Pension Benefits by approximately \$133.4 million at June 30, 2007.

JRF II

Actuarial valuations for the JRF II are required to be carried out annually. The legislated State contribution rate will be adjusted periodically as part of the annual Budget Act in order to maintain or restore the actuarial soundness of the fund. The last actuarial valuation was performed as of June 30, 2006.

For the year ending June 30, 2007, the statutory employer contribution rate was 19.917 percent based on the June 30, 2005 actuarial valuation. Therefore, for the year ended June 30, 2007, the contributions made by the State to the fund were approximately \$27.1 million, which is slightly less than the actuarially determined required contributions of approximately \$28.5 million.

VFF

The current contribution requirements of the VFF are based on actuarially determined rates promulgated as part of the Volunteer Firefighters' Length of Service Award Act passed in 1979.

Actuarial valuations of the VFF are required to be carried out at least every two years. The last valuation was performed as of June 30, 2006. The Board of Administration utilizes these actuarial valuations to make recommendations for financing the fund.

Contributions for prior service credits are recognized as revenue by VFF at the time a contract with the participating agency is executed. The participating agency may elect to pay the contributions for prior service credits in a lump sum or over a period of up to 10 years.

CERBTf

The actuarial valuations for the CERBTf are conducted by outside actuarial firms engaged by participating employers that must base their valuations on the CalPERS OPEB Assumption Model. This model requires the use of actuarial methods and assumptions similar to those employed for the

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

PERF. An additional assumption used for the CERBTf is the health care cost trend rate. The actuarial valuation estimates the cost of future health and other post-employment benefit insurance premiums for current and retired participating employees.

The total 2007 actual net OPEB employer contribution from two participating employers was \$11.5 million, compared to the actuarially determined annual required contribution of 5.4 percent of covered payroll, or \$2.3 million. Contractual maximum contributions to the plan are not to exceed the present value of future benefits. There are no legally required reserves at the reporting date.

CERBTf calculations are based upon plan benefits defined by the Public Employees Hospital Care Act (PEMHCA) in effect at the time of the valuations. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of future employer and employee cost sharing

6. Commitments

At June 30, 2007, CalPERS total capital commitments to private equity funds was \$37.7 billion. Of this amount, \$14.0 billion remained unfunded and is not recorded on the CalPERS Statement of Fiduciary Net Assets.

At June 30, 2007, CalPERS total commitments to purchase real estate equity was \$996.1 million.

7. Contingencies

CalPERS has entered into agreements with a number of issuers of non-taxable debt to provide payment of principal and interest in the event of non-payment. CalPERS is paid a quarterly fee over the term of the agreement for each transaction. The majority of the transactions are supported by collateral, letters of credit from banks or bond insurers for repayment. As of June 30, 2007, the credit enhancement program had contingent liabilities of approximately \$1.0 billion and net fee income of approximately \$2.0 million.

CalPERS is a defendant in litigation involving individual benefit payment and participant eligibility issues and arising from its normal activities. In the event of an adverse decision, any payments awarded by the courts would be recovered by CalPERS through prospective adjustments to the employer contribution rate. Based upon consultation with legal counsel, management believes there will be no material adverse effect on the basic financial statements as a result of the ultimate outcome of these matters. However, the LRF is a defendant in litigation involving the payment of survivor death benefits and interest to a deceased retiree's surviving spouse in the amount of \$3.6 million. The matter is currently on appeal with the Court of Appeal of the State of California.

8. Health Care Fund

Basis for Estimated Liabilities

The Public Employees' Health Care Fund (HCF) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been "incurred but not reported" (IBNR). The estimated claims liability was calculated by Blue Cross, the HCF's third-party administrator, at June 30, 2007, using a variety of actuarial and statistical techniques and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of \$173.4 million is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to June 30, 2007, but have not been reported to the HCF.

Anticipated Investment Income and Reinsurance

Anticipated investment income is not included in the annual premium requirement for HCF members. Also, the HCF has not entered into any reinsurance or excess insurance agreements.

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

The following represents changes in the aggregate estimated claims liabilities of the HCF for the years ended June 30.

(Dollars in Thousands)

	PERSCare/PERS Choice	
	2007	2006
Total Estimated Claims at Beginning of Fiscal Year	\$159,063	\$159,403
Incurred Claims & Claim Adjustment Expenses		
Provision for Insured Events of the Current Fiscal Year	\$1,268,240	\$1,202,409
Decrease in Provision for Insured Events of Prior Years	(55,533)	(70,990)
Total Incurred Claims & Claim Adjustment Expenses	\$1,212,707	\$1,131,419
Payments		
Claims & Claim Adjustment Expenses Attributable to Insured Events of the Current Year	\$1,094,818	\$1,043,346
Claims & Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	103,530	88,413
Total Payments	\$1,198,348	\$1,131,759
Total Estimated Claims at End of the Fiscal Year	\$173,422	\$159,063

9. Long-Term Care Fund

The Public Employees' Long-Term Care Fund (LTCF) estimate of the funding level to provide for the payment of future claim benefits is predicated upon participation levels that are expected to be achieved by the program. The premiums from the LTCF are recognized during the period covered.

The LTCF establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The liability for

future policy benefits was calculated by the fund's actuary, using a variety of actuarial and statistical techniques as part of their actuarial review as of June 30, 2007. Certain key assumptions used in this calculation are a discount rate of 7.79 percent (the average rate of assumed investment yields in effect for the current year), morbidity, disability continuance, mortality, voluntary termination, and claims expense. The total estimated liability for future policy benefits as of June 30, 2007, was \$3.0 billion. Of that amount, \$114.9 million is expected to be paid in fiscal year 2008 and is included in current liabilities.

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

10. California Employers' Retiree Benefit Trust Fund - Funding Status and Progress

The following represents the funded status of the post-employment healthcare plan as of the most recent valuation date. CERBTf actuarial valuations involve estimates of the value and probability assumptions of events far into the future, and these amounts and assumptions are subject to continual revision as actual results are compared to past expectations. Calculations are based on the benefits provided under the terms of the plan in effect and the

pattern of cost sharing between employees and the employer. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing. CERBTf actuarial calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

The schedule of funding progress is included in the Required Supplemental Schedules section that follows.

Funded Status of the CERBTf

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio - Actuarial Value of Assets Basis (1)/(2)	Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2)-(1)]/(3)	Market Value of Assets (4)	Funded Ratio - Market Value of Assets Basis ¹ (4)/(2)
CERBTf								
6/30/07	\$11.4	\$23.6	\$12.2	48.3%	\$37.1	32.8%	\$11.4	48.3% ¹

Actuarial Methods and Significant Assumptions

	CERBTf
Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Current Market Value
Health Care Cost Trend Rates:	
Select Period	5 - 9 Years
Initial Rate	9.00 - 11.70%
Ultimate Rate	4.50 - 5.00%
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases ¹	3.25%
Post Retirement Benefit Increase	N/A
¹ Includes Inflation at:	3.00%

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

11. Subsequent Events

Subprime Residential Mortgage-Backed Securities

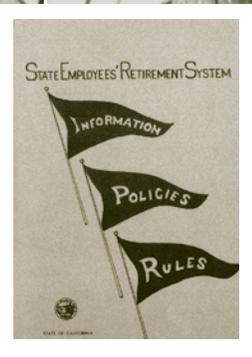
The recent events regarding subprime residential mortgage-backed securities and the real estate markets have not, to date, materially affected the fair value of investments. However, future investment returns could be adversely impacted in certain asset classes. The incidence of mortgage delinquencies particularly for subprime mortgages may affect the high quality credit rated investments in mortgage pools. Also, residential housing development investments could be impacted due to the nation-wide downturn in the residential real estate market. Real estate construction development projects are accounted for and reported at cost until project completion. In response to recent events, CalPERS management is assessing the likely impact on future investment returns and developing risk mitigation strategies.

Volunteer Firefighters' Length of Service Award Fund

On October 13, 2007 Senate Bill 581 was chaptered as Chapter 651 of the Statutes of 2007. SB 581 removes responsibility for administration of the VFF from the CalPERS Board on March 1, 2008, and places it with the board of the California State Fire Employees Welfare Benefit Corporation (CSFEWBC). This bill also requires CalPERS, in the event the transfer of the VFF is not completed on or before March 1, 2008, to terminate the program, reimburse itself for administrative expenses incurred, and distribute the remaining assets first to award recipients and those qualified to receive an award as of March 1, 2008, as a lump-sum payment, and the remainder of award system assets to participating fire districts on a pro-rata basis. Additionally, it requires CalPERS or the CSFEWBC to notify award recipients and participating fire districts in writing of the transfer of the award system, and requires fire districts to provide written notice of the transfer to its participating firefighters.

FINANCIAL SECTION
REQUIRED SUPPLEMENTAL SCHEDULES

1940-50



REQUIRED SUPPLEMENTAL SCHEDULE OF FUNDING PROGRESS — PENSION TRUST FUNDS

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio - Actuarial Value of Assets Basis (1)/(2)	Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2)-(1)]/(3)	Market Value of Assets (4)	Funded Ratio - Market Value of Assets Basis ¹ (4)/(2)
PERF								
6/30/97	\$108,566	\$97,925	(\$10,641)	110.9%	\$22,504	(47.3)%	\$120,629	123.2% ¹
6/30/98	128,830	106,938	(21,892)	120.5	24,672	(88.7)	143,144	133.9
6/30/99	148,605	115,748	(32,857)	128.4	27,636	(118.9)	159,567	137.9
6/30/00	162,439	135,970	(26,469)	119.5	28,098	(94.2)	172,163	126.6
6/30/01	166,860	149,155	(17,705)	111.9	30,802	(57.5)	156,035	104.6
6/30/02	156,067	163,961	7,894	95.2	32,873	24.0	142,455	86.9
6/30/03	158,596	180,922	22,326	87.7	34,784	64.2	144,330	79.8
6/30/04	169,899	194,609	24,710	87.3	35,078	70.4	167,110	85.9
6/30/05	183,680	210,301	26,621	87.3	36,045	73.9	189,103	89.9
6/30/06	199,033	228,131	29,098 ²	87.2	38,047	76.5	211,188	92.6
JRF II								
6/30/97	\$7.242	\$7.906	\$0.664	91.6%	\$15.4	4.3%	\$7.242	91.6% ¹
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)	16.257	108.1
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)	28.373	105.4
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6	41.354	99.4
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1	51.982	85.3
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2	65.390	85.5
6/30/03	96.107	105.116	9.009	91.4	87.3	10.3	90.714	86.3
6/30/04	129.153	137.704	8.551	93.8	99.0	8.6	129.316	93.9
6/30/05	167.556	177.761	10.205	94.3	111.8	9.1	171.875	96.7
6/30/06	212.904	220.135	7.231	96.7	125.3	5.8	218.987	99.5

REQUIRED SUPPLEMENTAL SCHEDULE OF FUNDING PROGRESS — PENSION TRUST FUNDS

(continued)

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio - Actuarial Value of Assets Basis (1)/(2)	Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2)-(1)]/(3)	Market Value of Assets (4)	Funded Ratio - Market Value of Assets Basis ¹ (4)/(2)
VFF								
6/30/97	\$1.360	\$1.121	(\$0.239)	121.3%	N/A	N/A	\$1.482	132.2%
6/30/98	1.678	1.500	(0.178)	111.8	N/A	N/A	1.936	129.1
6/30/99	1.987	1.805	(0.182)	110.1	N/A	N/A	2.207	122.3
6/30/00	2.302	2.296	(0.006)	100.3	N/A	N/A	2.423	105.5
6/30/01	2.524	2.183	(0.341)	115.6	N/A	N/A	2.373	108.7
6/30/02	2.310	2.453	0.143	94.2	N/A	N/A	2.100	85.6
6/30/03	2.786	3.206	0.420	86.9	N/A	N/A	2.533	79.0
6/30/04	2.975	3.525	0.550	84.4	N/A	N/A	2.780	78.9
6/30/05	3.212	3.651	0.439	88.0	N/A	N/A	3.050	83.5
6/30/06	3.587	4.118	0.531	87.1	N/A	N/A	3.480	84.5

Notes:

¹ The funded ratio based on the market value of assets is the true measure of the plan's ability to pay benefits.

² The Unfunded Actuarial Accrued Liability (the total Actuarial Liability in excess of actuarial value of assets) of the PERF by major employer group from the June 30, 2006 valuation is as follows: 1) \$15,441 for the State of California, 2) \$2,909 for schools, and 3) \$10,747 for public agencies.

REQUIRED SUPPLEMENTAL SCHEDULE OF EMPLOYER CONTRIBUTIONS —
PENSION TRUST FUNDS

Year Ended June 30	PERF Employer Contributions		LRF Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
1998	\$2,289,526,403	100%	\$2,022,421	33.4%
1999	1,598,316,666	100	— ¹	N/A
2000	362,614,344	100	— ¹	N/A
2001	321,618,855	100	— ¹	N/A
2002	800,964,553	100	— ¹	N/A
2003	1,925,043,858	100	— ¹	N/A
2004	4,261,347,422	100	— ¹	N/A
2005	5,774,120,281	100	— ¹	N/A
2006	6,095,029,424	100	— ¹	N/A
2007	6,442,383,867	100	— ¹	N/A

Note:

¹ Based on the June 30, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, and 1997 actuarial valuations, the annual required contributions for the years ended June 30, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, and 1999 were \$0.

REQUIRED SUPPLEMENTAL SCHEDULE OF EMPLOYER CONTRIBUTIONS —
PENSION TRUST FUNDS (continued)

JRF Employer Contributions		JRF II Employer Contributions		VFF Employer Contributions	
Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
\$133,754,812	42.0%	\$5,339,054	102.2%	\$166,708	100%
139,537,660	60.6	7,297,687	100.8	124,291	100
138,895,276	53.3	7,419,121	100.6	202,395	100
162,054,610	56.2	9,572,604	101.9	193,530	100
163,772,915	39.9	11,147,294	112.0	93,889	100
189,781,088	51.9	16,640,312	92.1	497,076	100
194,487,295	55.2	18,207,531	100.2	223,224	100
189,949,846	66.9	22,819,881	92.9	211,043	100
194,927,817	61.9	25,477,158	94.5	326,972	100
560,879,874 ¹	23.4	28,506,356	94.9	328,732	100

Note:

¹ Prior to fiscal year 2007 a variation of the Variance Aggregate Cost Method was used to determine the ARC. Effective fiscal year 2007 the Traditional Aggregate Cost Method was used to determine ARC.

REQUIRED SUPPLEMENTAL SCHEDULE OF FUNDING PROGRESS — OTHER POST-EMPLOYMENT BENEFIT TRUST FUND

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio - Actuarial Value of Assets Basis (1)/(2)	Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2)-(1)]/(3)	Market Value of Assets (4)	Funded Ratio - Market Value of Assets Basis ¹ (4)/(2)
CERBTF								
6/30/07	\$11.4	\$23.6	\$12.2	48.3%	\$37.1	32.8%	\$11.4	48.3% ¹

Note:

¹ The funded ratio based on the market value of assets is the true measure of the plan's ability to pay benefits.

REQUIRED SUPPLEMENTAL SCHEDULE OF EMPLOYER CONTRIBUTIONS —
 OTHER POST-EMPLOYMENT BENEFIT TRUST FUND (continued)

Year Ended June 30	CERBTF Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made
<u>CERBTF</u> 2007	\$2,320,693	494.2%

NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES

1. Actuarial Information

Assumptions shown below are those used in the most recent actuarial valuations utilized in compiling the Required Supplemental Schedules. For the Required Supplemental Schedules of Funding Progress the valuations used were as of June 30, 2006. The as of dates for the Required Supplemental Schedules of Employer Contributions were June 30, 2005, for PERF State and Schools, LRF, JRF, JRF II, and VFF; and June 30, 2004, for the PERF Public Agencies.

	PERF	LRF	JRF	JRF II	VFF	CERBTf
Valuation Date	June 30, 2006	June 30, 2006	June 30, 2006	June 30, 2006	June 30, 2006	June 30, 2007
Adoption Date	Various	Various	Various	Various	Various	Various
Actuarial Cost Method	Individual Entry Age Normal Cost	Aggregate Cost Method	Aggregate Cost Method	Aggregate Entry Age Normal Cost	Unit Credit	Entry Age Normal
Amortization Method	Level Percentage of Payroll Closed	None ²	None ²	Level Percentage of Increasing Payroll Closed ³	Fixed Years	Closed
Remaining Amortization Period	29 years for Schools, average of 22 years for Public Agencies, and 23 to 28 years for the State plans	None ²	None ²	Average of 30 years	29 years	30 years
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value	Smoothing of Market Value	Current Market Value
Health Care Cost:						
Trend Rate						
Service	N/A	N/A	N/A	N/A	N/A	5 - 9 Years
Initial Rate	N/A	N/A	N/A	N/A	N/A	9.00 - 11.70%
Ultimate Rate	N/A	N/A	N/A	N/A	N/A	4.50 - 5.00%
Actuarial Assumptions:						
Net Investment Rate of Return	7.75%	7.00%	7.00%	7.25%	7.50%	7.75%
Projected Salary Increases ¹	Varies, based on duration of service	3.25%	3.25%	3.25%	None	3.25%
Post Retirement Benefit Increase	For State and Schools, 2% or 3% compounded annually For Public Agencies, 2% to 5% compounded annually, depending on the agency plan provisions	3.00%	3.25%	3.00%	None	N/A

Notes:

¹ Includes inflation at: PERF - 3.00%; LRF - 3.00%; JRF - 3.00%; JRF II - 3.00%; VFF - 3.00%; and CERBTf - N/A.

² The Aggregate Cost Method does not identify or separately amortize unfunded actuarial liabilities.

³ Payroll has been increased by future new entrants replacing JRS retirements and terminations. The impact of including these new entrants has been determined to not materially impact the ARC amount.

REQUIRED SUPPLEMENTAL SCHEDULE OF CLAIMS DEVELOPMENT INFORMATION

The table on the next page illustrates how the HCF earned revenues and investment income compared to related costs of loss and other expenses assumed by the HCF as of the end of each of the years presented. The rows of the table are defined as follows.

- 1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
- 2) This line shows each fiscal year's other operating costs of the HCF, including overhead and claims expense not allocable to individual claims.
- 3) This line shows the HCF's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- 4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- 5) This section shows how each policy year's incurred claims changed as of the end of successive years. This annual re-estimation results from new information received on known claims, as well as emergence of new claims not previously known.
- 6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

REQUIRED SUPPLEMENTAL SCHEDULE OF CLAIMS DEVELOPMENT INFORMATION

(continued)

Public Employees' Health Care Fund — June 30, 2007

(Dollars in Thousands)

	Fiscal & Policy Year Ended			
	1998	1999	2000	2001
1. Net Earned Required Contribution & Investment Revenues	\$359,466	\$396,255	\$472,233	\$581,015
2. Unallocated Expenses	\$26,873	\$37,869	\$35,780	\$41,180
3. Estimated Incurred Claims & Expenses, End of Policy Year	\$339,123	\$402,578	\$537,181	\$599,337
4. Paid (Cumulative) as of:				
End of Policy Year	\$269,645	\$327,336	\$443,109	\$495,466
One Year Later	316,528	373,345	498,607	554,361
Two Years Later	316,528	373,345	498,607	554,361
Three Years Later	316,528	373,345	498,607	554,361
Four Years Later	316,528	373,345	498,607	554,361
Five Years Later	316,528	373,345	498,607	554,361
Six Years Later	316,528	373,345	498,607	554,361
Seven Years Later	316,528	373,345	498,607	—
Eight Years Later	316,528	373,345	—	—
Nine Years Later	316,528	—	—	—
5. Re-estimated Incurred Claims & Expenses:				
End of Policy Year	\$339,123	\$402,578	\$537,181	\$599,337
One Year Later	316,528	373,345	498,607	554,361
Two Years Later	316,528	373,345	498,607	554,361
Three Years Later	316,528	373,345	498,607	554,361
Four Years Later	316,528	373,345	498,607	554,361
Five Years Later	316,528	373,345	498,607	554,361
Six Years Later	316,528	373,345	498,607	554,361
Seven Years Later	316,528	373,345	498,607	—
Eight Years Later	316,528	373,345	—	—
Nine Years Later	316,528	—	—	—
6. Decrease in Estimated Incurred Claims & Expenses From End of Policy Year	(\$22,595)	(\$29,233)	(\$38,574)	(\$44,976)

REQUIRED SUPPLEMENTAL SCHEDULE OF CLAIMS DEVELOPMENT INFORMATION

(continued)

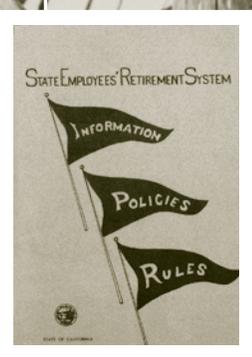
Public Employees' Health Care Fund — June 30, 2007

(Dollars in Thousands)

Fiscal & Policy Year Ended					
2002	2003	2004	2005	2006	2007
\$747,491	\$947,492	\$1,048,042	\$1,115,172	\$1,229,239	\$1,410,888
\$43,926	\$50,296	\$58,182	\$65,902	\$67,679	\$74,771
\$684,425	\$854,648	\$940,503	\$1,083,011	\$1,202,409	\$1,268,239
\$562,894	\$722,732	\$807,627	\$923,608	\$1,043,346	\$1,094,818
628,405	800,605	883,550	1,012,021	1,146,876	—
628,405	800,605	883,550	1,012,021	—	—
628,405	800,605	883,550	—	—	—
628,405	800,605	—	—	—	—
628,405	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
\$684,425	\$854,648	\$940,503	\$1,083,011	\$1,202,409	\$1,268,239
628,405	800,605	883,550	1,012,021	1,146,876	—
628,405	800,605	803,550	1,012,021	—	—
628,405	800,605	803,550	—	—	—
628,405	800,605	—	—	—	—
628,405	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
(\$56,020)	(\$54,043)	(\$56,953)	(\$70,990)	(\$55,533)	\$ —

FINANCIAL SECTION
SUPPORTING SCHEDULES AND AGENCY FUNDS

1940-50



ADMINISTRATIVE EXPENSES — ALL FUNDS

(Dollars in Thousands)

Personnel Services

Salaries & Wages	\$118,004
Employee Benefits	38,404

Total Personnel Services **\$156,408**

Consultant & Professional Services

State of California Agencies	\$3,144
External Consultants	64,916
Health Plan Administrator Fees	61,254
Long-Term Care Administrator Fees	17,157

Total Consultant & Professional Services **\$146,471**

Operating Expenses & Equipment

General Expense	\$5,773
Software	2,591
Printing	1,810
Postage	4,940
Communications	1,844
Data Processing Services	16,574
Travel	2,486
Training	1,747
Medical Examiners	958
Facilities Operation	3,328
Central Administrative Services	9,226
CSUS Foundation - Students	2,609
Administrative Hearings	285
Consolidated Data Center	549
Equipment	4,931

Total Operating Expenses & Equipment **\$59,651**

Other Expenses & Adjustments

Depreciation Expense	\$8,984
Increase in Paid Absence Obligation	2,364
Reimbursements	(2,646)
Prior Year & Other Adjustments	24,121

Total Other Expenses & Adjustments **\$32,823**

Total Administrative Expenses — All Funds **\$395,353**

INVESTMENT EXPENSES — PERF

External Securities Management Fees

(Dollars in Thousands)

External Securities Management Fees & Other Fees

	Net Assets Managed at Fair Value	Fees		Net Assets Managed at Fair Value	Fees
External Domestic Equity Managers			External Domestic Fixed Income Managers		
Alliance Cap Mgt. LP/Sanford C. Bernstein SW5I	\$845,319	\$504	Highland Capital Distressed, LP SW8F	\$254,656	\$6,637
Atlantic Asset Management Partners SWAN	403,699	380	ING Ghent Asset Management, LLC SW7X	—	667
AXA Rosenberg SWDB	145,797	291	Nomura Corporate Research & Asset Mgt. SW7Y	—	2,180
Barclays Global Advisers SWCN	1,261,801	1,181	Pacific Investment Mgmt. Company, LLC SW7W	—	1,411
CalPERS Hedge Fund Partners SW8A	811,936	695	Total External Domestic Fixed Income Managers		\$10,895
Denali Advisors, LLC SW4S	194,937	250	Global Equity Managers		
Enhanced Investment Technologies SWAY	1,284,683	1,583	Arcadian Asset Management SWCJ	\$1,412,734	\$3,793
Franklin Portfolio Associates SWAX	1,123,255	1,044	Alliance Bernstein, LP SWCA	794,406	517
Geewax, Terker & Company SW2B	585,450	477	Alliance Bernstein, LP SWCD	670,466	701
Golden-Large Core Investments SW4L	—	192	Alliance Bernstein, LP SW5I	845,319	758
Golden-Large Value Investments SW4M	—	190	Alliance Bernstein, LP SWEY	962,527	280
Golden-Small Core Investments SW4J	—	120	Alliance Bernstein Institutional Inv. SW8N	1,537,627	1,415
Goldman Sachs Small CAP SWAW	511,007	959	AQR Capital Management, LLC SWCO	1,334,673	1,755
International Fund Services SW8A	811,936	550	Arrowstreet Capital, LP SW6M	1,245,075	2,222
Jacobs Levy Equity Management SWEP	534,394	448	Arrowstreet SW4D	216,176	105
Legato Capital Management Investments SWCZ	—	20	AXA Rosenberg SW5L	1,400,352	1,266
Legato Capital Management Ventures SWCY	—	177	Baillie Gifford Overseas Limited SW6N	1,182,707	1,042
LM Capital Investments SW4X	191,616	136	Barclays Global Investors SW9J	1,502,898	1,977
Marvin & Palmer Associates SWEQ	522,925	372	Baring International Investment Limited SW9I	972,175	955
New Amsterdam Partners SWDA	84,515	163	Brandywine Global Investment Management SWDH	90,085	133
Pacific Alternative Asset Management Company SWAB	—	92	Capital Guardian SW5M	759,095	1,109
Progress Putnam Lovell SW4A	—	1,227	Dimensional Fund Advisors SW7I	1,502,068	4,381
Progress Putnam Lovell Ventures SW4B	—	227	Genesis Asset Managers SW8O	1,529,202	3,408
Pzena Investment Managers, LLC SW5F	850,931	1,279	Golden Capital Management SWFA	801,783	158
Quantitative Management Associated SWAU	—	1,024	Grantham, Mayo, Van Otterloo & Co., LLC SW6J	1,200,791	412
Research Affiliates, LLC SWDS	1,202,847	294	New Star Institutional Managers, Ltd. SWCB	720,584	714
Relational Investors SW2R	1,416,164	4,524	Nomura Asset Management USA, Inc. SJ25	1,240,861	1,442
Rigel Capital, LLC Large Cap SW9U	212,129	382	Northroad Capital Investments SWAD	110,521	521
Rigel Capital, LLC Small-Mid Cap SW9V	—	129	Pareto Partners (Currency Forwards) SJ70	63,820	2,360
Shenandoah Asset Management SW4N	169,516	222	Presima Inc. SWEI	205,238	554
Smith Asset Management Group Large Cap SW9X	189,079	465	Pyrford Investments SW4V	165,495	325
Smith Asset Management Group Small Cap SW9Y	68,788	224	Quantitative Management Associates, LLC SWCP	1,062,702	1,103
Smith Breeden Associates SWAS	711,145	473	Robeco USA, LLC SW6E	651,689	1,002
Smith Graham & Company SW7O	—	183	Research Affiliates, LLC SWEU	1,145,710	51
State Street Bank SWDE	90,443	89	State Street Bank (Currency Forwards) SWID	13,179	1,067
Strategic Investments SWDI	—	5	State Street Bank SW6A, SW7G & SWDG	137,157	1,498
Strategic Investments SWDJ	—	202	Total Global Equity Managers		\$37,024
Strategic Investments SW4G	—	2,198	Global Fixed Income Managers		
Strategic Ventures SW4H	—	75	Alliance Bernstein LP SWEY	\$952,527	\$140
Stux Investment SWAH	285,790	1,006	Baring Asset Management SJ28	111,896	539
T. Rowe Price SWB8	711,816	2,322	Bridgewater Associates SW5D	2,421	918
The Boston Company Asset Management, LLC SW2E	828,821	744	Julius Baer Invest Management, Inc. SJ83	5	641
Timeless Investments SW8V	—	102	Rogge Global Partners SW5B	1,719,644	960
Turner Investment Partners, Inc. SWEQ	569,500	388	Pacific Investment Management Company SWEX	1,064,942	245
UBS Alternative and Quantitative Inv. SWAG	3,981,311	3,198	Western Asset Global Management SW5E	1,389,962	559
Western Asset Management Company SWAZ	710,728	527	Total Global Fixed Income Managers		\$4,002
Total External Domestic Equity Managers		\$31,333	Total External Securities Management Fees & Other Fees		
					\$83,254

INVESTMENT EXPENSES — PERF (continued)

External Securities Management Fees

(Dollars in Thousands)

External Securities Management Performance Fees

	Fees		Fees
External Domestic Equity Managers		Global Equity Managers	
Barclays Global Investors SWCN	\$5,369	Alliance Bernstein LP SWCA	\$5,030
Boston Company SW2E	2,062	Alliance Bernstein Institutional Inv. SW8N	14,402
Enhanced Investment Technologies SWAY	599	Arrowstreet SW6M	147
Geewax, Terker & Company SW2B	1,893	Baile Gifford Overseas, Ltd. SW6N	907
Pacific Alternative Asset Mgmt. Co. (Hedge) SWAB	1,701	Barclays Global Investors SW9J	2,796
Progress Putnam Lovell SW4A	267	Genesis Asset Manager, Ltd. SW8O	6,419
Quantitative Management Associates SWAU	155	Grantham, Mayo, Van Otterloo & Company SW6J	148
Strategic Investments SW4G	51	Presima Inc. SWEI	277
UBS Alternative and Quantitative Inv. SWAG	14,406	Nomura Asset Management SJ25	293
Western Asset Management Company SWAZ	349	Total Global Equity Managers	\$30,419
Total External Domestic Equity Managers	\$26,852	Global Fixed Income Managers	
		Bridgewater Associates SW5D	\$11
		Total Global Fixed Income Managers	\$11
		Total External Securities Management Performance Fees	\$57,282
		Total External Securities Management Fees, Performance Fees & Other Fees	\$140,536

INVESTMENT EXPENSES — PERF (continued)

Real Estate Partners Asset Management Fees

(Dollars in Thousands)

	Net Assets Managed at Fair Value	Fees		Net Assets Managed at Fair Value	Fees
Aetos Capital Asia	\$189,912	\$4,354	Pacific Vineyard	\$80,538	\$1,242
AEW Capital Management	83,184	2,299	Pacific City Homes (PCH)	60,847	6,663
AGI-TMG Housing Partners, LLC	9,446	625	Page Mill Properties	(9,835)	1,165
Alinda Infrastructure	29,133	1,401	Prudential (PLA Residential)	92,390	3,251
American Value Partners	(1,757)	840	PRECO	32,966	750
Apollo Real Estate Advisers	51,377	5,923	Principle Mortgage Value Investors Fund	3,614	295
Black Bear, Ltd.	28,519	2,996	RE Senior Housing SHP	217,898	2,805
Buchanan Street Advisors, LP	246,491	1,710	RIJ Urban Lodging	78,690	2,776
CalEast La Salle	3,577,918	19,508	Rockpoint Group, LLC	37,153	753
CalSmart, LLC	274,588	1,913	RREEF GBL Opportunity Fund	73,455	1,988
CalWest RREEF	384,564	24,924	San Diego Smart Growth	14,393	3,207
Capmark Structured Real Estate Partners	45,192	777	Savannah Real Estate Fund	(863)	479
Capri Capital Management	143,544	1,234	SDL Hospitality	92,355	1,095
CBRE Strategic Partners	75,594	2,547	Secure Capital - Japan	112,337	4,781
CIM Urban Fund Group, LLC	648,584	12,452	Shea (Capital/Mountain)	124,489	16,261
CityView America Fund I, LLC	77,996	5,602	Starwood Capital Hospitality Fund I	142,137	1,010
CVE Affordable Housing	934	2	Stockbridge Real Estate	13,941	803
CWP-Bishop Square	139,711	769	Strategic Capital Partners, LLC	11,982	1,158
Fifth Street Properties CWP	145,243	3,263	Sun Appolo India Real Estate Fund	(1,462)	888
Fillmore East Fund	50,473	183	Timber International - UBS	145,045	1,095
Fortress Investment Fund	233,371	1,779	TPG Hospitality Investments	140,841	84
Global Innovation Partners	513,923	1,546	Urban America, LP	9,056	832
Global Retail Investors, LLC	5,687	41	Western Multifamily	2,835,960	10,759
Guggenheim	58,631	2,002	Windsor Realty	138,231	1,072
Hampshire	47,751	606	Wells Fargo Housing Fund	48,503	2,577
Harbert European	7,626	1,306	Total Real Estate Partners Asset Management Fees		\$282,881
Hearthstone Housing Partners	226,581	3,334	Real Estate Partners Incentive Fees		\$215,009
Hines National Office Partnership (Includes Intl.)	46,178	6,403	Credit Enhancement Program		\$243
Institutional Housing Partners	509,750	10,348	AIM Distributed Stock Management Fees		\$1,240
IL&FS India	27,660	1,833	Internal Mortgage Loan Fees		\$1,165
Institutional Mall Investors, LLC	1,691,557	11,166	Total Real Estate Partners, AIM, Mortgages & CEP		\$500,538
Integral Urban	(1,215)	528			
JER Europe Fund III	(2,075)	97			
Johnson Macfarland Partners	349,543	3,683			
Karec CA Development	95,605	896			
Kennedy Wilson	14,009	592			
KSC	38,701	347			
La Salle French Fund II	10,850	296			
Lowe Resort Community Fund	474	308			
Market Street Capital Partners	12,988	757			
Meriweather Farms	66,599	886			
MPG	117,419	1,622			
MW	326,377	55,212			
National Office Partners	808,332	5,472			
Next Block Medical I	20,280	1,250			
Olson Urban Housing, LLC	33,234	119			
Ora Multi-Family Investment I	41,381	2,093			
Ora Residential Investments	84,803	7,248			

INVESTMENT EXPENSES — PERF (continued)

Other Investment Consultants

(Dollars in Thousands)

Consultant Fees

	Fees		Fees
Altman Group Inc.	\$134	Schweser/Kaplan CPA EDU	\$25
Altura Capital Group	10	Situs Realty Services	347
Bard Consulting	75	Softsol Resources, Inc.	75
Blackrock Financial Management, Inc.	2,311	Stanfield Systems, Inc.	642
Blomquist & Company	32	State Street - Private Edge	283
Brock Capital Group, LLC	50	Strategic Investment Solutions, Inc.	277
Corporate Library, LLC	38	Trinity Technology Group, Inc.	849
Courtland Partners, Ltd.	30	Trucost PLC	30
Eagle Management Group	15	Westwood Consulting Group	13
Ed Friend, Inc.	95	Wilshire Associates, Inc.	3,454
Embassy Suites Hotel - Monterey Bay	8	Total Consultant Fees	\$20,391
Eva Dimensions, LLC	43		
Fan Asset Management	30	Attorneys & Master Custodian	
Fitch Training	19		
Garland Associates, Inc.	38		
Hamilton Lane Advisors	400		Fees
Innovest Strategic Value Advisors	50	Berman, Devalerio, Pease, Tabacco, Burt & Pucillo	\$16
Ivy Planning Group, LLC	25	Bingham McCrutchin	34
JDM Associates, LLC	50	Chapman and Cutler, LLP	441
Kearnford Application System Design	193	Christensen, Miller, Fink, Jacobs, Glaser	146
KPMG, LLC	45	Covington & Burling	277
Le Plastrier Consulting Group, Inc.	210	Cox, Castle & Nicholson, LLP	1,311
LP Capital Advisors	3,321	Felderstein, Willoughby, Pascuzzi, LLP	14
Mayer Hoffmann McCann	19	Foster, Pepper & Shefelman, PLLC	239
McKinsey & Company, Inc.	1,109	Gardner, Carton, & Douglas, LLP	19
Mellon Investor Services	90	Investor Responsibility Support Services, Inc.	45
Mosaic Investment Advisors	105	McDonough, Holland, & Allen	575
Org Portfolio Management, LLC	47	Morgan Lewis	1,292
Oxford Analytica	62	Murphy, Austin, Adams & Schoenfeld, LLP	247
Pacific Corporate Group, LLC	958	Orrick, Herrington, & Sutcliffe, LLP	72
Pacific Community Ventures	240	Paul, Hastings, Janofsky & Walker	501
Parent Contract/AIM Vendor Pool	130	Pillsbury Winthrop	1,450
Parent Invt Corp. Governance Research	44	Preston, Gates & Ellis	1,225
Parent Invt Corp. Governance Proxy	265	Tory's, LLP	77
Parent Invt Diversity Consultant	1	State Street Bank & Trust Company	6,702
Parent Invt/HRD Executive Search	923	Total Attorney & Master Custodian Fees	\$14,683
Parent Invt RE/Special Project	641		
Pension Consulting Alliance, Inc.	1,587	Total Other Investment Consultants	\$35,074
Pyramid Technical Consultants, LLC	336		
R.V. Kuhns & Associates, Inc.	72	Miscellaneous Investment Expenses	\$75,701
Results Group	59		
R & G Associates, Inc.	25	Directed Brokerage Expenses	\$2,290
Ridgeway Partners, LLC	298		
Runyon, Saltzman & Einhorn, Inc.	163	Total Investment Expenses - PERF	\$754,139

INVESTMENT EXPENSES — OTHER FUNDS

Investment Expenses

(Dollars in Thousands)

	Fees
Brown Capital Management - IRC 457	\$91
CalPERS Management Services - IRC 457	743
CitiStreet - IRC 457	1,812
Calif. Dept. of Personnel Admin. - IRC 457	145
State Street Global Advisors - SPOFF	2,112
Total Investment Expenses - Other Funds	\$4,903
Total Investment Expenses - All Funds	\$759,042

CONSULTANT & PROFESSIONAL SERVICES EXPENSES — PERF

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
Accenture LLP	\$21,707	PSR Project
Trinity Technology Group, Inc.	5,017	Customer Education System (CES) Project; Middleware Maintenance & Support; Enterprise Architecture Services
Delegata	4,907	Oracle Application Server Administration Services; Web Portal Development
Softsol Resources, Inc.	3,712	CDB Maintenance Support; Java Project & Maintenance Activities
Medstat Group	2,233	Health Care Decision Support System
State Controller's Office	2,153	Expedite Process Fees; Combined Warrant Services; Calif. Leave Acctg. System
Insight Technologies, Inc.	1,858	Business & Enterprise Transition (ETM) Analysis Project
Kearnford Application Systems Design	1,606	PSR Project; Performance Measurement Project; Disability Enhancement Project
Highlands Consulting Group	1,518	Business & Enterprise Transition Project
Pillsbury Winthrop Shaw Pittman, LLP	1,433	AIM & PSR Project
Visionary Integration, LLC (VIP)	1,400	Quality of Education Improvement (CES Project)
KPMG, LLP	1,333	PSR Project Oversight
Preston, Gates & Ellis	1,269	Health Care Services Audit
Stanfield Systems, Inc.	1,223	Disaster Recovery Business Analysis; Procurement Support Services
Morgan, Lewis & Bockius, LLP	1,018	Alternative Investment Management Project
Informatix, Inc.	964	Business Case Study - Other Post-Employment Benefits Pre-Funding Program
Cox, Castle & Nicholson, LLP	945	Provided Legal Services for Investment in Real Estate Assets
Step toe & Johnson, LLP	899	Tax Counsel
Information Technology SW Professional	828	Programming Services; RIBS New Legislation Project
ADSI, Inc.	783	CDB Employer Application Support; Data Administrative & Modeling Project
Watson Wyatt Worldwide	690	Recruiting Services; Health Program Consulting Services
Staff Tech, Inc.	683	Programming Services for Legacy Mainframe Applications
Dolamont Consulting, Inc.	667	EMBARC Project; Enterprise Transition Management (ETM) Project
Mercer Health and Benefits	624	Actuarial Consulting for the Health Program
Business Advantage Consulting	605	myCalPERS System Applications & Technical Support Project
Base 3 Consulting	575	Business Analysis Support - Business Requirements & Data Conversion
Mayer Hoffman McCann, P.C.	571	Construction Audit; Real Estate Compliance
Lussier, Vienna, Gregor & Associates	540	Federal Legislative Representative
Informative Design Group	503	Writing, Editorial & Marketing Services
Moore Wallace North America, Inc.	489	Health Open Enrollment Services
Shooting Star Solutions, LLC	481	Health Care Decision Support System Innovative Progress (Hip) Project
Regents of the University	469	Training Courses
Intraform	451	Board Elections Services
Vantage Consulting Group, Inc.	460	Application Architect - Integration Services
Ambire Consulting, Inc.	451	Serena Dimensions/Configuration Management Update Support
PM/CM Services, Inc.	435	Construction Project Management for Offsite Parking Project
Buck Consultants	425	360 Degree Leadership Development Program
McDonough, Holland & Allen	411	Outside Legal Counsel for R Street Project
American General Financial Advisors, Inc.	405	Financial Planning Education Services
Jlynnconsulting, Inc.	390	PSR Data Administration & Data Modeling Services
Kong Consulting, Inc.	389	Consulting Services for Peoplesoft Financials
Chapman and Cutler, LLP	381	Aim & Hedge Fund Consulting Services
René Ewing & Associates	378	Performance Management Project
Department of Justice	359	Attorney General Services
CGI-AMS FDBA Synergy Consulting, Inc.	351	Employer & Participant Application Developer; T-log & ACES Process Support
Enclipse Corporation	331	Legacy Mainframe Application Programming Services
Equanim Technologies	326	Management Information Support Services
Wright On-line Systems	324	Oracle Support For Computer Telephony Integration Database
Parent Invt/HRD Executive Search-SPRPool	311	360 Leadership Development Program
Ridgeway Partners, LLC	298	Executive Search Services
Paul, Hastings, Janofsky, Walk	289	Real Estate & Aim Technology Program
Kenda Systems, Inc.	279	Novell Decommissioning Project

CONSULTANT & PROFESSIONAL SERVICES EXPENSES — PERF (continued)

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
Mtg Management Consultants, LLC	\$275	Enterprise Project Portfolio
Princeton Solutions Group, Inc.	275	Corporate Database Java Application Architecture Support
Deloitte & Touche	263	Audit Services
Murphy Austin Adams Schoenfeld, LLP	254	Board Legal Services for R Street Project
Spherion Pacific Enterprises, LLC	245	ACES & Oracle Database Access Support
Kleinfelder, Inc.	240	Construction Inspection & Materials Testing Services
Covansys	238	Corporate Database Environment Support; Oracle Support
Covington & Burling	235	Securities General Consulting Services
CJS Consulting, Inc.	232	GASB 45 Project; EMBARC Project
Pyramid Technical Consultants, LLC	229	Equity Order Management System Upgrade Support
Cooperative Personnel Services	229	Human Resources Services Project
Runyon, Saltzman & Einhorn, Inc.	215	Writing, Editorial & Specialized Benefit Communication Services
Interskill, LLC	213	Legacy Mainframe Application Programming Services
e4Xchange Corporation	207	Legacy Mainframe Application Programming Services
R & G Associates, LLC	207	Consulting Services for EMBARC Project
Russbo, Inc.	193	Enterprise Identity & Access Management Roadmap Project
Bongo Post & Music	190	Video, Multimedia & Production Services
California State University, Sacramento	187	Economic Impact Study
Gabriel, Roeder, Smith Co.	186	Annual Valuation System; Development of Appropriate Actuarial Assumption Model
Global Access, LLC	183	Oracle Database Access Support; Actuarial Valuation Database Support
Govsec, Inc.	180	Information Security Office Consulting Services
Innovative Software Technologies	179	Actuarial Valuation System Maintenance Programming Services
Sri Infotech, Inc.	177	myCalPERS Project; External Manager Connectivity Expansion Project
Turner Construction	167	Bp 6 Furniture
Foster, Pepper & Shefelman, PLLC	167	Legal Services for Alternative Investment Management (AIM) Program
Two Shea Consulting, Inc.	166	Annual Member Statements
Milliman, Inc.	162	Actuarial Attestation for 2007 Medicare Part D Retiree Drug Subsidy
Viaspire	157	Writing, Editorial & Marketing Services
Saber Consulting, Inc.	154	Comet Oracle Database Services
Net.works, Corporation	150	Radia Software Maintenance
Natoma Technologies	142	Infocenter Replacement & Development Project
Public Affairs and Communications Support Services	141	Public Affairs and Communication Support
Christensen, Miller, Fink, Jacobs, Glaser, Weil & Shapiro, LLP	139	Alternative Investment Management (AIM) Program
Macias, Gini & O'Connell, LLP	137	Financial Statement Auditor
State Personnel Board	135	Consolidated Examination Services
Mindstorm	124	Office of Public Affairs Production Development Services
DSS Research, Inc.	121	Member Satisfaction Survey
Mosaic Investment Advisors, Inc.	105	Provide Recruitment Services for Investment Office
Comsys	104	Mainframe Systems Administrator
C Squared Consulting	103	PSR Project
Steve Shih, M.D.	100	Provide Self-funded Health Plan Services
Logic House Ltd.	98	Self-Service Application Support
Public Sector Consultants, Inc.	92	Enterprise Transition Management (ETM) Project
Lincoln Crow, LLC	92	Writing, Editorial & Marketing Services
Eagle Management Group	90	CalPERS Exhibition Booth Maintenance
Office Workouts	90	Employee Wellness Programs
Consortium of Business Continuity Professionals, Inc.	82	Business Continuity Program
Investor Responsibility Support Services, Inc.	80	Securities Class Action Monitoring Service
Torays, LLP	76	Provided Legal Services for Aim Project
EFI Actuaries	73	Professional Actuarial Auditing Services

CONSULTANT & PROFESSIONAL SERVICES EXPENSES — PERF (continued)

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
Mercer Human Resource Consulting	\$73	Health Benefit, Medical Mgmt. & Pharmaceutical Benefit Mgmt. Consulting
NCS, Inc.	73	Annual Statement Services
Dee Hansford Consulting	73	Customer Service Program & Production Support
Atthowe Fine Art Services	62	Provide Installation Services for Artwork
ATV Video Center, Inc.	60	Audio Visual Support Services
Peters Shorthand Reporting Corporation	52	Court Reporting
Coach Source	45	Leadership Development
Gail Mancarti Consulting	44	Training Courses
Herman, Mathis, Casey, Kitchens & Gerel, LLP	42	Audit Contract
Sign Language Interpreting Services Agency	42	Sign Language Interpreting Services
Quick Sort Sacramento, Inc.	39	Provide Mail Services
Class Act Alliance, Inc.	37	Sign Language Interpreting Services
Bingham McCutchen, LLP	32	Legal Services For Investment Real Estate Assets
CSUS, College of Continuing Education	32	Training Courses
Martin & Chapman Company	31	Board Election Ballots
Eaton Interpreting Services	31	Sign Language Interpreting Services
Adcom Media	31	Multimedia Communication Services
Michael L. Stinson & Associates	28	Consulting Services
Gardner, Carton & Douglas, LLP	27	Special Litigation Consulting Services
Orrick, Herrington & Sutcliffe, LLP	26	AIM Project Legal Services
Ivy Planning Group, LLC	25	Diversity Consultant Services
Schweser/Kaplan CPA Education	25	CFA Training
International Network Services	23	PSR Project Desktop Services
Suzanne Stone Freelance Services	22	Writing & Editing Services
Other	564	
Total Consultant & Professional Services Expenses	\$80,965	

STATEMENT OF CHANGES IN ASSETS & LIABILITIES — AGENCY FUNDS

For the Year Ended June 30, 2007

(Dollars in Thousands)

	OASI			Balance June 30, 2007
	Balance June 30, 2006	Additions	Deductions	
Assets				
Cash Held by State Treasurer	\$5,968	\$ —	\$109	\$5,859
Total Assets	\$5,968	\$ —	\$109	\$5,859
Liabilities				
Due to State of California General Fund	\$20	\$ —	\$ —	\$20
Contributions Due to Public Agencies	5,840		88	5,752
Due to Other Funds	108		21	87
Total Liabilities	\$5,968	\$ —	\$109	\$5,859

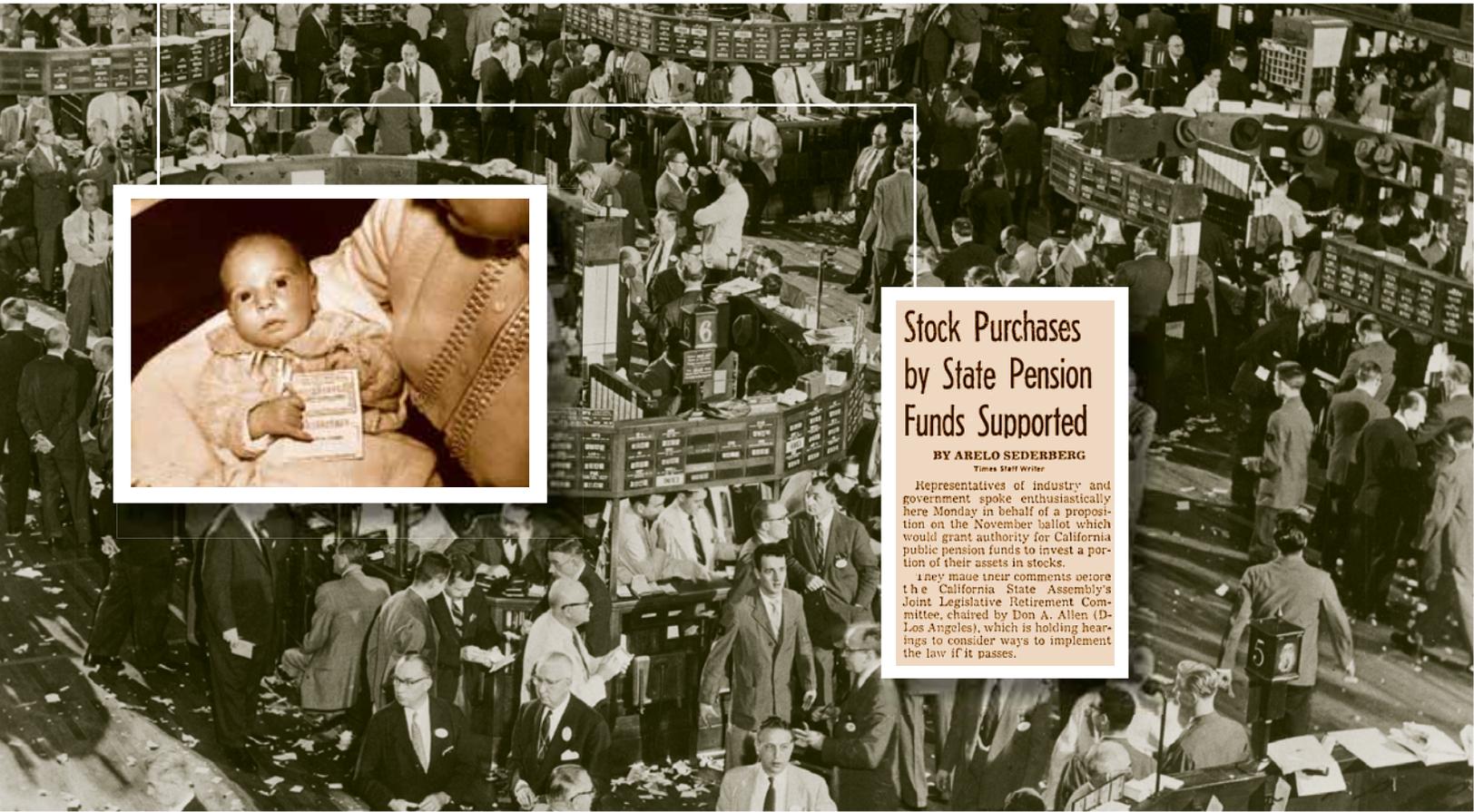
	SDF			Balance June 30, 2007
	Balance June 30, 2006	Additions	Deductions	
Assets				
Due from Federal Government	\$27,340	\$ —	\$27,340	\$ —
Total Assets	\$27,340	\$ —	\$27,340	\$ —
Liabilities				
Other Payables	\$27,340	\$ —	\$27,340	\$ —
Total Liabilities	\$27,340	\$ —	\$27,340	\$ —

	CRF - Agency			Balance June 30, 2007
	Balance June 30, 2006	Additions	Deductions	
Assets				
Surplus Money Investment Fund	\$106,938	\$1,301,148	\$1,271,204	\$136,882
Public Agency Receivables:				
Active	53,855	903,825	889,144	68,536
Retired	15,190	254,756	250,448	19,498
Total Assets	\$175,983	\$2,459,729	\$2,410,796	\$224,916
Liabilities				
A/P Premiums Due to Carriers:				
Active	\$60,296	\$1,026,051	\$1,001,880	\$84,467
Retired	17,305	289,399	282,462	24,242
Health Premium Claims Filed:				
Active	76,738	1,005,443	991,888	90,293
Retired	21,644	283,587	279,317	25,914
Total Liabilities	\$175,983	\$2,604,480	\$2,555,547	\$224,916

INVESTMENT AND CORPORATE GOVERNANCE PROGRAMS In the 1960s, PERS had become the nation's largest public pension fund and a leader in the growing corporate governance movement. In its infancy the System invested in only corporate bonds, but broadened its investment portfolio into stocks following the passage of Proposition 21, and later in real estate and private equity. It took 64 years to break the \$100 billion mark. In only the next nine years, PERS broke \$200 billion. Now, at more than \$250 billion, the System may reach \$300 billion by the end of the decade.

Left: Youngest person issued a Social Security Card, 1960. Right: Excerpt from a Los Angeles Times article, 1966. Background: New York Stock Exchange, 1965.

1960-70

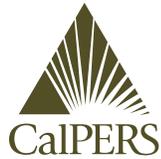


Stock Purchases by State Pension Funds Supported

BY ARELO SEDERBERG
Times Staff Writer

Representatives of industry and government spoke enthusiastically here Monday in behalf of a proposition on the November ballot which would grant authority for California public pension funds to invest a portion of their assets in stocks.

They made their comments before the California State Assembly's Joint Legislative Retirement Committee, chaired by Don A. Allen (D-Los Angeles), which is holding hearings to consider ways to implement the law if it passes.



Investment Office
P.O. Box 2749
Sacramento, CA 95812-2749

June 30, 2007

The Board of Administration of the California Public Employees' Retirement System:

On behalf of CalPERS Investment Operations, I am pleased to present reports on the pension fund's investments, California investments, our investment performance, and investment-related fees and costs for the period ended June 30, 2007. This data was compiled by our Investment Operations staff, our pension consultant Wilshire Associates, and our master custodian State Street Bank & Trust. It is presented in accordance with statutes found in the Retirement Law. We voluntarily follow CFA Institute performance and ethics standards.

We earned a 19.1 percent return (net of fees) on our investments for the one-year period ended June 30, 2007, raising our portfolio market value to a record \$249.5 billion. For the fourth straight year, annual returns were in the double-digits to raise our 10-year average to 9.1 percent. Total assets increased by \$128 billion over the past 10 years.

We exceeded industry benchmarks in almost all major investment portfolios during the fiscal year, topping benchmarks by nearly \$3.8 billion after taking advantage of developing market opportunities. Our strategic asset allocation made us well positioned to take advantage of strong capital markets performance, domestically and internationally. Our investment teams and actions by the CalPERS Board also added significant value. At the end of the fiscal year, 59.5 percent of our portfolio was invested in public equity, 24.4 percent in bonds and other fixed income, 8 percent in real estate, 6.7 percent in private equity, and 1.4 percent in cash equivalents.

We continued to invest in the State of California, providing a strong economic boost for California's growth. At the end of the year, we had more than \$26 billion invested or committed for investment in California entrepreneurial businesses, real estate, housing, urban infill, and stocks and bonds in corporations that make California their home. A study performed by the Applied Research Center of California State University, Sacramento found that our investments generated \$15.1 billion in California economic activity in calendar year 2006.

We continued to seek out ways to enhance our diversity outreach to emerging investment managers, and remained steadfast in our efforts to find environmental investments aimed at achieving positive financial returns while fostering sustainable growth and sound environmental practices. We also launched new investment options for employees of local public agencies and schools that are closely tied to CalPERS products and proven managers.

And finally, in the area of corporate governance, our annual Focus List called attention to several U.S. companies with poor financial and corporate governance performance. These companies were the focus of our actions in the areas of board independence, executive compensation and the principle of majority vote. Our single most important focus was to advocate for and protect shareowners' use of corporate ballots to nominate corporate directors.

Russell Read,
Chief Investment Officer

California Public Employees' Retirement System
Lincoln Plaza-400 Q Street-Sacramento, CA

SUMMARY OF INVESTMENTS — PERF

As of June 30, 2007

	Book Value	Market Value	% of Investments at Market Value
Cash Equivalents & Receivables/Payables			
Domestic Cash Equivalents	\$3,110,032,145	\$3,109,899,187	1.25%
International Cash Equivalents			
Cash Equivalents	29,669,707	29,662,575	0.01
International Currency	434,166,854	436,502,250	0.18
Total International Cash Equivalents	\$463,836,561	\$466,164,825	0.19%
Net Investment Receivables/Payables	(\$1,855,993,159)	(\$1,855,993,159)	(0.74%)
Total Cash Equivalents & Receivables/Payables	\$1,717,875,547	\$1,720,070,853	0.70%
Debt Securities			
Domestic Debt Securities			
Asset-Backed	\$4,338,802,553	\$4,429,283,606	1.78%
Corporate	13,406,424,979	13,559,269,481	5.44
U.S. Treasuries & Agencies	12,210,503,687	11,915,543,888	4.78
Direct Loans	190,255,158	169,209,869	0.07
Mortgage Loans	13,638,145,943	13,972,186,017	5.61
Mortgage-Backed Securities			
CMO	1,800,133,604	1,776,174,374	0.71
FHLMC	5,261,987,862	5,124,678,199	2.06
FNMA	4,691,724,994	4,513,732,295	1.81
GNMA I/GNMA II	87,035,709	84,635,143	0.03
Total Domestic Debt Securities	\$55,675,014,489	\$55,544,712,872	22.29%
International Debt Securities	\$5,643,706,433	\$5,674,193,570	2.28%
Total Debt Securities	\$61,318,720,922	\$61,218,906,442	24.57%
Equity			
Domestic Equity	\$57,316,322,304	\$100,591,498,709	40.37%
International Equity	\$38,186,972,114	\$49,113,002,315	19.71%
Alternative Investment Management Program			
Direct Component Investments			
Co-Investments	156,983,325	75,219,103	—
Direct Investments	527,861,746	445,519,062	0.18
Investment Vehicles	2,325,393,984	2,188,618,811	0.88
Limited Partnership Investments			
Domestic	12,497,697,603	12,602,293,649	5.06
International	1,171,536,206	1,509,937,985	0.62
Total Alternative Investment Management Program	\$16,679,472,864	\$16,821,588,610	6.74%
Total Equity	\$112,182,767,282	\$166,526,089,634	66.82%
Real Estate Programs			
Domestic Real Estate	\$13,495,319,108	\$17,296,079,778	6.78%
International Real Estate	2,528,275,195	2,821,207,414	1.13
Total Real Estate Programs	\$16,023,594,303	\$20,117,287,192	7.91%
Total Investment Value	\$191,242,958,054	\$249,582,354,121	100.00%

Note:

Differences between Total Investment Value in the Summary of Investments and Total Investments shown on page 32 are due to differences in reporting methods. In accordance with GASB Statement No. 28, the financial statements include Securities Lending Collateral as part of Total Investments, which is not included here. The Summary of Investments also includes Net Investment Receivables/Payables that are not reported on page 32 in Total Investments.

INVESTMENT PERFORMANCE — PERF

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, 5-year, and 10-year time-weighted rates of return for the year ended June 30, 2007, are:

CalPERS Portfolio Comparisons

	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Index	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Total Fund	19.1%	14.6%	12.8%	9.1%	Asset Allocation Policy Index ¹	17.5%	13.3%	11.7%	8.2%
					Actuarial Rate	7.8%	7.8%	7.8%	7.8%
					Trust Universe Comparison Service (TUCS) Public Fund Median	16.1%	11.8%	10.9%	8.0%
					Wilshire Large Fund Universe Median	17.7%	12.8%	11.5%	8.2%
Domestic Equity	20.6%	12.4%	11.7%	7.7%	PERS Wilshire 2500 Tobacco-Free Index	20.3%	12.3%	11.6%	7.4%
International Equity ²	29.8%	24.9%	19.4%	9.0%	PERS SSGA Custom Index	30.5%	24.9%	19.6%	7.4%
Alternative Investments/ Private Equity	23.2%	21.8%	12.8%	13.4%	Venture Economics Custom Young Fund Universe	16.2%	17.1%	9.1%	6.2%
Total Equity	23.7%	16.9%	13.9%	8.6%					
Domestic Debt Securities	7.3%	5.6%	6.8%	7.2%	Lehman Long Liability Index	6.5%	4.7%	5.6%	6.7%
International Debt Securities	2.2%	3.4%	7.3%	5.0%	Lehman World Government Bond, Ex-U.S.	2.6%	3.5%	7.1%	5.0%
Total Debt Securities	6.7%	5.4%	7.0%	6.9%					
Real Estate	20.2%	32.0%	23.0%	17.9%	NCREIF Property Index ³	16.6%	17.4%	13.7%	12.9%
Cash Equivalents	5.5%	4.0%	3.0%	4.2%	Custom Short-Term Investment Fund ⁴	5.4%	3.9%	2.8%	3.9%

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

Additional information on CalPERS investment policies, operations, investment results, and detailed asset information can be found in the accompanying 2007 Operations Summary and on the CalPERS Web site.

Notes:

¹ The Asset Allocation Policy Index return equals the return for each asset class benchmark, weighted at the current target asset allocations.

² Includes currency overlay.

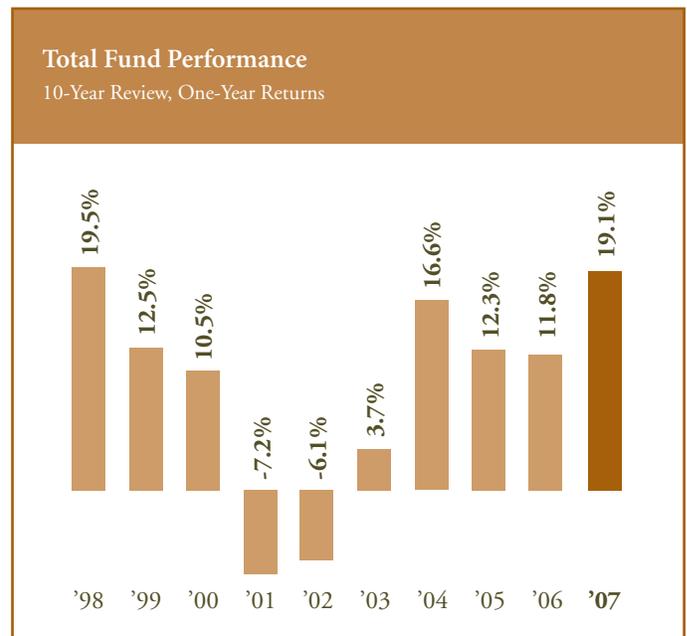
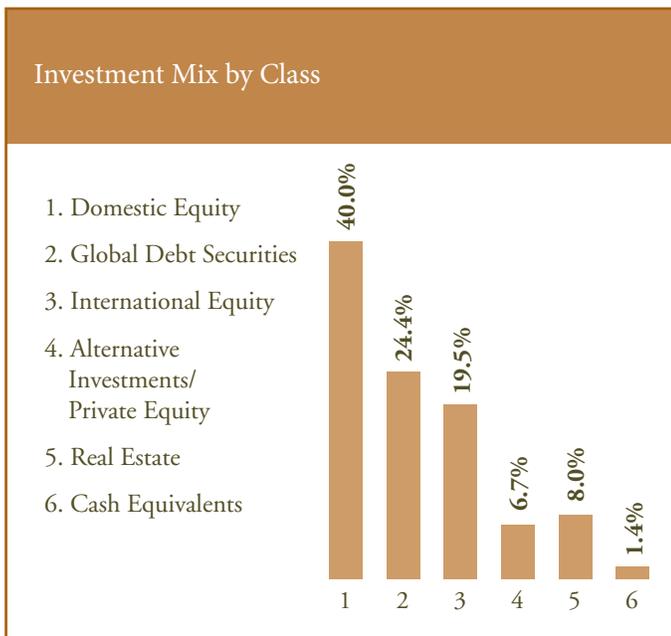
³ The National Council of Real Estate Investment Fiduciaries Index is on a quarter lag.

⁴ The Custom STIF Policy Index is a custom index maintained by SSGA.

CalPERS ASSET ALLOCATIONS — PERF

(Dollars in Billions)

Asset Class	Market Value	Current Allocation	Current Year Target ¹	Prior Year Target
Cash Equivalents	\$3.6	1.4%	0.0%	0.0%
Global Debt Securities	\$61.2	24.4%	26.0%	26.0%
Equity				
Domestic	\$100.6	40.0%	40.0%	40.0%
International	49.1	19.5%	20.0%	20.0%
Alternative Investments/Private Equity	16.8	6.7%	6.0%	6.0%
Total Equity	\$166.5	66.2%	66.0%	66.0%
Total Real Estate	\$20.1	8.0%	8.0%	8.0%
Total Fund	\$251.4²	100.0%	100.0%	100.0%



Notes:

¹ Target allocation effective January 1, 2007.

² Differences between investment values above and the values on the Summary of Investments on page 85 are due to differences in reporting methods. The Summary of Investments includes Net Investment Receivables/Payables.

PORTFOLIO OF CALIFORNIA INVESTMENTS AT MARKET VALUE — PERF

(Dollars in Millions)

	California Investments
Real Estate	\$8,819.3
Equity	
Alternative Investment Management/Partnership Component	\$2,500.0
Domestic Equity	13,270.4
International Equity	—
Total Equity	\$15,770.4
Debt Securities	
Domestic Debt Securities	
Corporate/Treasury Bonds	\$495.0
Mortgages & Commercial (Whole Loans/MBS)	1,743.9
External Managed	—
Total Domestic Debt Securities	\$2,238.9
International Debt Securities	\$ —
Total Debt Securities	\$2,238.9
Cash & Cash Equivalents	\$ —
Total California Investments	\$26,828.6

LARGEST STOCK & BOND HOLDINGS AT MARKET VALUE¹ — PERF

Largest Stock Holdings

(Dollars in Thousands)

Rank	Company	Shares	Market Value
1	Exxon Mobil Corporation	28,765,326	\$2,412,836
2	General Electric Company	48,104,601	1,841,444
3	Microsoft Corporation	48,497,500	1,429,221
4	AT&T, Incorporated	29,227,363	1,212,936
5	Citigroup, Inc.	23,002,873	1,179,817
6	Bank of America Corporation	22,919,432	1,120,531
7	Pfizer, Inc.	38,179,508	976,250
8	Chevron Corporation	11,514,536	969,985
9	Wal-Mart Stores, Inc.	20,010,993	962,729
10	International Business Machines	8,790,759	925,227

Largest Bond Holdings

(Dollars in Thousands)

Rank	Company	Par Value	Market Value
1	United States Treasury Notes 4.625% due 02/15/17	\$1,420,500	\$1,376,053
2	United States Treasury Bonds 4.750% due 02/15/37	1,104,900	1,042,407
3	United States Treasury Bonds 7.625% due 11/15/22	527,000	660,331
4	United States Treasury Notes 4.500% due 05/15/17	650,000	623,389
5	United States Treasury Bonds 7.125% due 02/15/23	517,500	621,662
6	United States Treasury Bonds 4.500% due 02/15/36	659,000	597,265
7	United States Treasury Bonds 8.000% due 11/15/21	456,740	584,636
8	Federal Home Loan Mortgage Corporation 4.875% due 11/15/11	411,515	400,596
9	Federal Home National Mortgage Association 4.875% due 11/15/13	295,000	351,747
10	United States Treasury Bonds 8.750% due 08/15/20	246,000	328,636

A complete list of portfolio holdings is available upon request.

Note:

¹ CalPERS no longer produces a separate Annual Investment Report. All the information previously included in that separate volume is now contained in this report and the accompanying Operations Summary. A complete listing of portfolio holdings is available on the CalPERS Web site at www.calpers.ca.gov.

SCHEDULE OF COMMISSIONS & FEES — PERF

(Dollars in Thousands)

Broker	Number of Shares Traded	Base	Broker	Number of Shares Traded	Base
		Commission & Fees Amount			Commission & Fees Amount
Lehman Brothers, Inc.	4,614,903,636	\$24,603	Magavceo Lee & Company	11,299,816	\$233
Investment Technology Group, Ltd.	255,142,008	2,926	Fidelity Capital Markets	10,862,541	230
Citigroup Global Markets, Inc.	2,530,705,772	2,454	Liquidnet, Inc.	9,919,180	228
Goldman Sachs & Company	6,595,910,941	2,239	Salomon Smith Barney, Inc.	63,535,489	216
Merrill Lynch, Pierce, Fenner & Smith, Inc.	4,969,899,350	1,872	Knight Securities	9,434,566	212
Nomura Securities International	158,965,315	1,869	Rosenblatt Securities, Inc.	10,365,241	211
ABN Amro Bank N.V.	1,807,929,520	1,771	Toronto Dominion Bank	11,968,951	205
J.P. Morgan Securities, Inc.	3,854,623,599	1,749	Nomura Securities Company, Ltd.	480,131,160	198
Morgan Stanley Company, Inc.	7,249,287,143	1,734	Citigroup Global Markets UK Equity, Ltd.	17,088,883	191
Credit Suisse Securities (USA), LLC	1,770,033,983	1,713	Mischler Financial Group, Inc.-Equities	8,409,132	184
Instinet	85,428,118	1,603	Warburg Dillon Read Securities, Ltd.	1,593,670	184
Deutsche Bank Securities	1,642,909,968	1,601	Daiwa Securities America, Inc.	12,090,228	181
Merrill Lynch International	1,499,205,766	1,506	Miletus Trading, LLC	9,146,537	180
Merrill Lynch, Pierce, Fenner & Smith, Inc.	625,678,839	1,383	Macquarie Equities, Ltd. (Sydney)	22,439,618	180
Bear Stearns Securities Corporation	1,760,025,427	1,350	HSBC Bank, PLC	175,441,088	177
Cantor Fitzgerald and Company	58,031,545	1,292	Friedman Billings & Ramsey	8,378,262	174
Societe Generale London Branch	43,034,850	1,260	Goldman Sachs Execution & Clearing	16,461,696	172
BNY Brokerage, Inc.	1,400,596,466	1,166	ING Bank NV	5,150,264	171
Citigroup Global Markets, Ltd.	698,161,507	1,143	J.P. Morgan Securities (Far East), Ltd., Seoul	978,820	168
Morgan Stanley and Company International	9,932,239,418	1,121	Cazenove & Company	10,040,208	159
J.P. Morgan Securities, Ltd.	738,417,062	1,079	UBS AG London	22,588,449	154
Lehman Brothers International (Europe)	260,514,386	1,007	Credit Lyonnais Securities (USA), Inc.	44,632,677	151
Warburg Dillon Read Securities	570,703	910	SG Securities Hong Kong	42,359,388	151
UBS Securities, LLC	672,523,297	898	Kotak Securities	6,002,752	150
Gunnallen Financial	43,999,000	886	Merrill Lynch Professional Clearing Corporation	8,285,674	150
Jefferies & Company	26,585,197	867	Goldman Sachs (Asia), LLC	32,912,354	144
Banc/America Securities, LLC, Montgomery Division	1,293,219,820	852	Pulse Trading, LLC	5,166,223	139
UBS AG	519,784,594	847	Harris Nesbitt Corporation	4,057,939	135
Bear Stearns & Company, Inc.	1,292,125,920	839	Thomas Weisel Partners, LLC	5,754,163	134
J.P. Morgan Securities (Asia Pacific), Ltd.	327,146,742	799	Citigroup Global Markets Australia Ptr	4,581,311	130
UBS Securities Asia, Ltd.	160,208,702	728	Investec Henderson Crosthwaite	1,879,338	127
National Financial Services Corporation	153,063,940	680	JM Morgan Stanley Securities Pvt., Ltd.	5,944,312	127
Deutsche Securities Asia, Ltd.	208,604,735	617	Credit Lyonnais Securities	20,998,538	126
Goldman Sachs International, Ltd.	1,124,049,438	574	Jones & Associates, Inc.	5,479,165	124
Deutsche Bank AG London	797,428,471	562	Brockhouse & Cooper, Inc., Montreal	6,592,090	124
Credit Suisse First Boston (Europe), Ltd.	2,517,152,841	492	Agora Corde Titul E Val Mob	5,012,207	124
Prudential Equity Group	27,183,276	489	KAS-Associates N.V.	1,005,938	119
Lynch Jones and Ryan, Inc.	14,478,040	457	Credit Lyonnais Securities (Asia)	33,065,361	116
Macquarie Securities, Ltd.	100,713,356	454	Wachovia Capital Markets, LLC	2,842,526	116
Grand Pacific Securities, Inc.	20,740,036	445	UBS Warburg Securities Ltd., Taiwan Branch	31,289,257	112
Credit Lyonnais Securities Asia/Guernsey	167,167,642	428	Seslia Securities	5,420,059	110
Abel Noser Corporation	17,229,314	382	Stifel Nicolaus & Company, Inc.	3,793,705	108
Weeden & Company	15,176,655	380	Credit Suisse First Boston (Europe)	590,296	108
Instinet Pacific, Ltd.	85,009,411	370	Nesbitt Burns	3,767,867	106
Instinet U.K., Ltd.	51,219,864	361	CLSA Securities Korea, Ltd.	585,690	103
Edwards AG Sons, Inc.	16,631,532	351	Bear Stearns International Trading	2,988,208	99
CS First Boston (Hong Kong), Ltd.	55,764,728	343	Sanford C. Bernstein Company, LLC	3,004,101	98
Leerink Swann and Company	16,466,862	339	HG Asia Securities (Phil), Inc.	16,076,220	97
Sanders Morris Mundy	16,741,608	333	Deutsche Equities in Private, Ltd. DB	4,232,846	95
La Branche Financial #2	10,147,581	328	Pacific American Securities, LLC	4,393,887	93
Oien Securities, Inc.	15,548,685	319	Samuel A. Ramirez & Company, Inc.	4,422,100	92
Guzman & Company	11,756,075	272	Salomon Smith Barney Korea, Ltd.	489,330	91
DSP Merrill Lynch, Ltd.	4,544,017	268	Rochdale Securities Corporation (CLS Thru 443)	3,256,475	86
BNP Paribas Peregrine Securities	20,753,748	264	Griswold Company	2,615,191	86
CIBC World Markets Corporation	13,163,389	261	RBC Dominion Securities, Inc.	185,507,416	83
Broadcortcapital (Thru MI)	8,476,034	259	Unx, Inc.	7,600,084	82
Kleinwortbenson Securities, Ltd.	10,929,493	259	Loop Capital Markets, LLC	2,052,079	82
Credit Agricole Indosuez Cheuvreux	13,616,648	242			

SCHEDULE OF COMMISSIONS & FEES — PERF (CONTINUED)

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount	Broker	Number of Shares Traded	Base Commission & Fees Amount
RBC Capital Markets	1,710,532	\$82	Banco Warburg Dillon Read S.A.	2,339,759	\$43
SG Americas Securities, LLC	3,403,844	80	Morgan Stanley and Company		
O'Neil, William and Company, Inc./			International Taipei Metro	11,360,570	43
BCC Clrg	1,578,766	80	ABG Securities	2,348,879	43
Macquarie Securities Ltd., Seoul	930,416	79	Lazard Capital Markets, LLC	1,405,793	43
Davis, Mendel and Regenstein	3,512,851	78	Lehman Brothers Securities (Asia)	5,348,500	43
Cowen and Company	118,655,000	77	Magna Securities Corporation	1,823,965	43
Pershing, LLC	701,494,055	75	Neubergerand Berman	1,884,667	41
GMP Securities, Ltd.	4,873,300	74	Pershing Securities, Ltd.	1,551,472	40
Zannex Securities	7,229,487	74	Lehman Brothers International (Europe)		
Credit Lyonnais Securities (Asia)	15,635,000	73	Seoul Br	107,780	40
Samsung Securities Company, Ltd.	499,617	72	Citibank, N.A.	6,266,000	39
Utendahl Capital Partners, LP	3,240,149	69	Warburg Dillon Read Secs India Pvt., Ltd.	1,575,421	39
Penson Financial Services, Inc.	3,529,233	68	Cathay Financial Corporation	1,809,881	38
Credit Suisse First Boston	10,223,199	68	Barnard Jacobs Mellett and Company (PTY)	1,985,833	37
J B Were and Son	5,026,932	67	Banco Santander Mexicano, S.A.	6,619,700	37
Capital Institutional Services, Inc., Equities	1,982,195	67	DBS Vickers Securities (Singapore)	11,001,100	37
ABN Amro Asia, Ltd.	33,871,814	64	Citigroup Global Market Korea Securities, Ltd.	261,628	37
Pipeline Trading Systems, LLC	3,221,764	63	First South Securities	430,170	36
Sanford C. Bernstein, Ltd.	984,919	63	Tokyo Mitsubishi International, PLC	2,511,421	36
ABM Amro Hoare Govett Asia Ltd., Seoul	871,236	62	Jones Trading Institutional Services, LLC	1,486,402	36
B-Trade Services, LLC	3,565,588	62	Standard Bank of South Africa	818,200	35
Piper Jaffray	51,068,832	59	Mizuho Securities Asia, Ltd.	4,546,632	34
Baird, Robert W., & Company, Inc.	1,413,080	59	M S Security Services	1,131,704	34
Trust Group for Securities	233,000	58	Morgan Stanley Securities, Ltd.	2,726,306	33
Kepler Equities Zurich	160,160	56	Roberts & Ryan Investments, Inc.	1,381,994	33
Banco Santander Central Hispano	51,802,750	56	TD Investments, Ltd., Cyprus	912,100	33
Citigroup Global Markets Aust. Pty. Ltd.,			J.P. Morgan Securities Australia, Ltd.	5,776,395	32
Group	1,153,509	55	CT Smith	22,524,200	32
Deutsche Bank AG Frankfurt	604,789	55	Miller Tabak & Company, LLC	2,939,665	31
Citigroup Global Markets India	3,468,798	54	Kempen & Company N.V.	1,353,720	31
Nordic Partners	1,718,520	54	G Trade Services, Ltd.	2,997,294	31
ITG, Inc.	4,432,265	52	ITG Securities Hong Kong, Ltd.	18,888,254	30
Cantor Fitzgerald Europe 2	9,046,366	52	Cowen & Company, LLC	781,463	29
Citigroup Global Markets Asia, Ltd.	7,747,537	52	Woori Investment Securities	160,580	29
UBS Warburg, LLC	813,299	51	Concorde Ertekpapir Ugnokseg Rt	88,997	29
Bank Austria Creditanstalt AG	1,669,761	51	Williams Capital Group, LP	1,239,160	29
Caris & Company, Inc.	2,445,600	50	Daiwa SBCM Europe	1,639,600	29
CSFB Australia Equities, Ltd.	5,656,417	50	ABN Amro Bank N.V. Hong Kong	16,346,800	28
Citigroup Global Markets Inc./			ABN Amro Bank N.V. Hong Kong Branch	29,471,500	28
Salomon Brothers	7,867,984	50	ADP Clearing & Outsourcing Services, Inc.	7,221,492	28
Access Securities, Inc.	1,964,100	50	Exane S.A.	619,774	28
HSBC James Capel Seoul	219,564	49	Tokyo-Mitsubishi Securities (USA)	1,165,812	27
Financial Brokerage Group (FBG)	200,000	48	Montrose Securities Equities	1,013,862	27
Cabrera Capital Markets	1,524,316	48	Hong Kong and Shanghai Banking		
Motilal Oswal Securities, Ltd.	2,045,220	48	Corporation	5,962,102	27
Warburg Dillon Read (Asia), Ltd.	2,706,666	47	Fox-Pitt Kelton, Ltd.	536,914	26
J.P. Morgan Securities, Ltd.	1,695,941	47	CA IB Investmentbank AG	182,132	25
Investec Securities	1,645,102	47	Kim Eng Securities PTE Ltd., Singapore	4,370,400	25
Firefly Capital, Inc.	2,310,530	47	Macquarie Securities (Singapore)	3,537,100	25
Collins Stewart	2,094,745	46	S.S. Kantilal Ishwarlal Securities	681,612	24
Citation Group	1,227,152	46	Janney Montgomery, Scott, Inc.	580,320	24
Banco Santander Brasil S/A	22,245,815	46	ABN Amro Equities Australia, Ltd.	812,274	24
Oppenheim, Sal., Jr., Und Cie Koeln	740,959	46	Daewoo Securities Company, Ltd.,		
First Albany Capital, Inc.	1,831,394	46	Seoul Korea	82,720	24
UBS Securities Canada, Inc.	1,684,522	45	Hoare Govett (India) Securities Pvt., Ltd.	1,491,542	23
Kepler Equities	2,578,722	44	Deutsche Bank	492,685	23
Pereire Tod, Ltd.	873,803	44	Bear Stearns Asia, Ltd.	20,587,600	23
Enskilda Securities AB	2,202,766	43	Nam Holdings Ltd., Julia House	212,962	23

SCHEDULE OF COMMISSIONS & FEES — PERF (CONTINUED)

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount	Broker	Number of Shares Traded	Base Commission & Fees Amount
Instinet, LLC	3,696,045	\$22	Kepler Equities Sucursal En Espana	780,295	\$20
NCB Stockbrokers, Ltd.	890,203	22	D. Carnegie AG	1,148,442	20
CIMB-GK Securities PTE., Ltd.	6,086,047	22	Toronto Dominion Securities	978,100	20
King, CL & Associates, Inc.	528,280	22	HSBC Securities India Holdings	137,400	19
Bativala & Karani Securities India Pvt., Ltd.	179,296	22	Buckingham Research Group	470,850	19
Scotia Capital (USA), Inc.	595,900	22	Dowling & Partners Securities, LLC	469,400	19
Nyfix Transaction Services #2	1,066,347	21	Mitsubishi UFJ Securities International	976,515	18
Keefe Bruyette & Woods, Inc.	501,059	21	CLSA India Ltd., India	273,500	17
Enam Securities Pvt., Ltd.	1,611,009	21	Deutsche Bank AG Jakarta	9,856,000	17
CLSA Securities Malaysia SDN BHD	1,681,200	21	Redburn Partners, LLP	439,449	17
Canadian Imperial Bank of Commerce	1,259,630	21	Fortis Bank (Nederland) N.V.	130,979	17
Lehman Brothers, Inc., Taiwan	3,615,000	20	ABN Amro Securities (USA), Inc.	5,968,571	17
Heflin & Company, LLC	704,623	20	S.G. Cowen & Company, LLC	450,830	17
Icici Brokerage Services	1,494,453	20	Mizuho International PLC	2,492,157	17
Banco Espirito Santo De Investiment	4,220,454	20	Various Brokers	203,973,252	1,411
			Total	65,448,750,554	\$91,719

SCHEDULE OF FEES & COSTS FOR PRIVATE EQUITY PARTNERS — PERF

Fund Name	2006 Fees & Costs ¹	Fund Name	2006 Fees & Costs ¹
1818 Fund II, LP	\$15,839	Bridgepoint Europe III	\$542,390
Aberdare Ventures III, LP	456,763	California Community Financial Institutions Fund, LP	118,734
ABS Capital Partners II, LP	176,897	California Emerging Ventures II, LLC	1,281,230
ABS Capital Partners III, LP	505,049	California Emerging Ventures III, LLC	1,425,000
ABS Capital Partners IV, LP	504,825	California Emerging Ventures IV, LLC	423,913
Acon-Bastion Partners II, LP	256,174	California Emerging Ventures, LLC	1,483,508
ACP IV, LP	440,549	CalPERS/PCG Corporate Partners, LLC	3,075,027
Advent Latin American Private Equity Fund III, LP	954,147	Candover 1994 Fund	20,000
Advent-Global Private Equity IV, LP	297,414	Candover 1997 Fund	42,233
Advent-Global Private Equity V, LP	891,279	Candover 2001 Fund	978,567
Aisling Capital II, LP	1,549,049	Candover 2005 Fund, LP	2,569,699
Alta Biopharma Partners II, LP	1,430,907	Carlyle Asia Growth Partners III, LP	1,887,274
Alta Biopharma Partners III, LP	768,402	Carlyle Asia Partners, LP	433,320
Alta Biopharma Partners, LP	859,940	Carlyle Asia Partners II, LP	2,613,933
Alta California Partners II, LP	1,936,313	Carlyle Asia Venture Partners II, LP	784,058
Alta California Partners III, LP	3,400,876	Carlyle Europe Real Estate Partners, LP	180,482
Alta California Partners, LP	1,877,115	Carlyle Japan Partners II, LP	721,263
Alta Communications VI, LP	69,252	Carlyle Japan Partners, LP	433,235
Alta Communications VII, LP	741,553	Carlyle Mexico Partners, LP	577,218
Alta Communications VIII, LP	1,881,342	Carlyle Partners II, LP	177,315
Alta Partners VIII, LP	414,279	Carlyle Partners III, LP	4,826
Alta V Limited Partnership	4,239	Carlyle Partners IV, LP	2,646,314
American River Ventures I, LP	1,151,579	Carlyle Realty Qualified Partners III, LP	5,177,367
APA Excelsior IV, LP	42,543	Carlyle Strategic Partners, LP	977,932
APA German European Ventures, LP	5,135	Carlyle Venture Partners II, LP	989,173
APAX Ventures IV International Partners, LP	2,031	Carlyle Venture Partners III, LP	1,221,078
Apollo Investment Fund III, LP	661,683	Carlyle/Riverstone Global Energy & Power III	3,841,275
Apollo Investment Fund IV, LP	409,118	Carlyle/Riverstone Global Energy & Power Fund II, LP	575,856
Apollo Investment Fund V, LP	199,648	Carlyle/Riverstone Renewable Energy Infrastructure Fund	1,132,403
Apollo Investment Fund VI, LP	307,381	Central Valley Fund	472,434
ArcLight Energy Partners Fund II, LP	757,023	Clarus Lifesciences I, LP	800,153
ArcLight Energy Partners Fund III, LP	341,414	Clearstone Venture Partners III-A, LP	648,879
Ares Corporate Opportunities Fund II, LP	3,331,157	Clearwater Capital Partners Fund II	2,233,509
Ares Corporate Opportunities Fund, LP	342,542	Clearwater Capital Partners Fund III, LP	90,900
Asia Recovery Fund, LP	145,446	Clessidra Capital Partners	566,123
Audax Mezzanine Fund II, LP	652,651	Coller International Partners II, LP	661,020
Audax Private Equity II, LP	37,001	Coller International Partners III, LP	846,021
Aurora Equity Partners II, LP	234,115	Coller International Partners IV, LP	2,488,288
Aurora Equity Partners III, LP	1,895,723	Coller International Partners V, LP	2,830,292
Aurora Equity Partners, LP	56,749	CVC Capital Partners Asia Pacific II, LP	2,144,537
Avenue Asia Special Situations Fund III, LP	1,824,134	CVC European Equity Partners II, LP	262,345
Avenue Asia Special Situations Fund IV, LP	3,797,054	CVC European Equity Partners III, LP	172,827
Avenue Special Situations Fund II, LP	10,708	CVC European Equity Partners IV, LP	184,707
Avenue Special Situations Fund III, LP	268,351	CVC European Equity Partners, LP	153,202
Bank of America CA Community Venture Fund, LP	2,694,283	Darby Converging Europe Mezzanine Fund	127,433
Bastion Capital Fund, LP	307	DFJ Element, LP	536,830
Beacon Group Energy Investment Fund II, LP	135,937	DFJ Frontier Fund, LP	565,322
Beacon Group Energy Investment Fund, LP	49,627	Dominion Fund IV, LP	471,861
Beacon Group III - Focus Value Fund, LP	177,084	Dominion Fund V, LP	639,734
Behrman Capital II, LP	615,092	Doughty Hanson & Company Fund II	1,506
Behrman Capital III, LP	1,347,689	Doyle & Boissiere Fund I, LLC	606,189
Behrman Capital, LP	316,534	Emergence Capital Partners, LP	341,936
Belvedere Capital II	437,864	Emerging Europe, LP	1,767,268
Birch Hill Equity Partners (US) III, LP	2,443,045	Ethos Private Equity Fund III, LP	116,476
Blackstone Capital Partners II, LP	29,008	Ethos Private Equity Fund IV, LP	109,869
Blackstone Capital Partners III, LP	137,410	EuclidSR Biotechnology Partners, LP	382,300
Blackstone Capital Partners IV, LP	1,070,659	Exxel Capital Partners V, LP	5,012
Blackstone Capital Partners V, LP	70,539	Fairview Capital II, LP	385,428
Blackstone Communications Partners I, LP	833,505	Fairview Capital, LP	484,432
Blackstone Mezzanine Partners, LP	67,801	Falconhead Capital Partners II, LP	732,018
Blum Strategic Partners II, LP	287,127	Fenway Partners Capital Fund II, LP	1,614,275
Blum Strategic Partners III, LP	1,247,642	Fenway Partners Capital Fund, LP	342,499
Bridgepoint Europe I	12,987	FFC Partners III, LP	455,289
Bridgepoint Europe II	41,693	First Reserve Fund IX, LP	410,208

Note:

¹ Fees and costs for the 1-year period ending December 31, 2006.

SCHEDULE OF FEES & COSTS FOR PRIVATE EQUITY PARTNERS — PERF (CONTINUED)

Fund Name	2006 Fees & Costs ¹	Fund Name	2006 Fees & Costs ¹
First Reserve Fund X, LP	\$1,665,663	Littlejohn Fund II, LP	\$55,059
First Reserve Fund XI, LP	261,076	Lombard Thailand Partners, LP	2,082,413
Flagship Ventures Fund 2004, LP	653,030	Lombard/Pacific Partners, LP	1,590,341
Francisco Partners II, LP	1,322,988	M/C Venture Partners IV, LP	181,237
Francisco Partners, LP	326,285	M/C Venture Partners V, LP	1,325,337
FS Equity Partners III, LP	32,016	Madison Dearborn Capital Partners II, LP	163,453
FS Equity Partners V, LP	762,239	Madison Dearborn Capital Partners III, LP	159,793
Garage California Entrepreneurs Fund, LP	297,390	Madison Dearborn Capital Partners IV, LP	222,286
Gemini Israel IV, LP	431,563	Madison Dearborn Capital Partners V, LP	1,863,512
Generation Capital Partners, LP	15,716	Madison Dearborn Capital Partners, LP	10,971
Giza Venture Fund IV, LP	210,886	Markstone Capital Partners, LP	1,086,905
Gleacher Mezzanine Fund I, LP	151,007	McCown De Leeuw & Company III, LP	6,412
Golden State Investment Fund	250,000	McCown De Leeuw & Company IV, LP	619,045
Golder, Thoma & Cressey Fund IV, LP	2,115	Media/Communications Partners II, LP	63,006
Golder, Thoma, Cressey, Rauner Fund V, LP	397,107	Media/Communications Partners III, LP	323,586
Granite Global Ventures II, LP	783,316	MHR Institutional Partners II, LP	872,249
Granite Global Ventures III, LP	109,037	MHR Institutional Partners III, LP	940,350
Green Capital Partners (GCP) California Fund, LP	452,850	New Enterprise Associates 12, LP	418,708
Green Equity Investors II, LP	268,908	New Mountain Investments II, LLC	2,711,333
Green Equity Investors III, LP	404,208	Newbridge Asia III, LP	1,298,612
Green Equity Investors IV, LP	1,444,792	Newbridge Asia IV, LP	5,833,868
Healthpoint Capital Partners, LP	34,840	NGEN II, LP	456,391
Hellman & Friedman Capital Partners II, LP	6,695	Nogales Investors Fund I, LP	590,855
Hellman & Friedman Capital Partners III, LP	44,999	Nogales Investors Fund II, LP	158,083
Hellman & Friedman Capital Partners IV, LP	687,682	Oak Hill Capital Partners II, LP	885,137
Hellman & Friedman Capital Partners V, LP	676,538	OCM Opportunities Fund V, LP	687,879
Hellman & Friedman Capital Partners VI, LP	346,299	OCM Opportunities Fund VI, LP	696,811
Hicks, Muse, Tate & Furst Equity Fund II, LP	31,332	OCM Opportunities Fund, LP	750,812
Hicks, Muse, Tate & Furst Equity Fund III, LP	13,616	OCM Principal Opportunities Fund III, LP	1,414,320
ICV Partners II, LP	822,870	OCM Principal Opportunities Fund, LP	345,790
ICV Partners, LP	32,470	Opportunity Capital Partners IV, LP	457,897
Information Technology Ventures II, LP	752	Pacific Community Ventures	406,674
Inroads Capital Partners, LP	9,976	Paladin Homeland Security Fund, LP	678,373
Insight Venture Partners V, LP	996,707	Palladium Equity Partners III, LP	2,767,747
Institutional Venture Partners XI, LP	578,815	Palomar Ventures III, LP	613,454
Ironbridge Capital 2003/4, LP	694,160	Parish Capital I, LP	1,306,307
Ironbridge Fund II, LP	1,394,350	Parish Capital II, LP	435,554
ITU Ventures III, LP	1,016,350	Penman Private Equity and Mezzanine Fund, LP	18,165
J.P. Morgan Partners Global Investors, LP	1,220,362	Permira Europe I	590,548
KB Mezzanine Fund II, LP	6,464	Permira Europe III	1,671,820
KKR Europe II	989,819	Permira IV, LP	1,739,750
KKR European Fund, LP	182,500	Permira U.K. Venture IV	117,015
KKR Millennium Fund, LP	237,147	Perseus-Soros Biopharmaceutical Fund, LP	353,493
Kline Hawkes California, LP	821,646	Pharos Capital Partners II, LP	630,984
Kline Hawkes Pacific, LP	2,242,397	Pinnacle Venture II	1,229,958
Kohlberg Investors IV, LP	64,143	Polish Enterprise Fund IV, LP	344,642
Kohlberg Investors V, LP	777,872	Polish Enterprise Fund V, LP	1,004,773
Landmark Equity Partners III, LP	46,000	Polish Enterprise Fund VI, LP	983,433
Landmark Equity Partners IV, LP	94,570	Prospect Venture Partners II, LP	2,239,166
Landmark Equity Partners XI, LP	158,724	Prospect Venture Partners III, LP	1,192,868
Leeds Weld Equity Partners IV, LP	3,700,655	Provender Opportunities Fund II, LP	554,100
Levine Leichtman Capital Partners Deep Value Fund, LP	2,420,406	Providence Equity Partners V, LP	437,086
Levine Leichtman Capital Partners II, LP	669,989	Quadrangle Capital Partners II, LP	415,363
Levine Leichtman Capital Partners III, LP	467,385	Questor Partners Fund II, LP	53,372
Levine Leichtman Capital Partners, LP	139,682	RFG Private Equity Limited Partnership No. 1	67,878
Lexington Capital Partners II, LP	935,225	Rhone Capital III, LP	90,947
Lexington Capital Partners III, LP	1,076,076	Rice Partners II, LP	949
Lexington Capital Partners IV, LP	1,370,205	Richardson Capital Private Equity, LP No. 2A	906,132
Lexington Capital Partners V, LP	918,000	Ripplewood Partners II, LP	587,628
Lexington Middle Market Investors, LP	564,194	Rockport Capital Partners II, LP	382,968
Lighthouse Capital Partners V, LP	63,419	Rosewood Capital V, LP	902,144
Lightspeed Venture Partners VII, LP	858,445	RSTW Partners III, LP	588,326
Lime Rock Partners III, LP	486,255	Safeguard International Fund, LP	352,767
Lime Rock Partners IV, LP	233,918	Sanderling IV Biomedical, LP	826,380

Note:

¹ Fees and costs for the 1-year period ending December 31, 2006.

SCHEDULE OF FEES & COSTS FOR PRIVATE EQUITY PARTNERS — PERF (CONTINUED)

Fund Name	2006 Fees & Costs¹	Fund Name	2006 Fees & Costs¹
Sanderling V Biomedical, LP	\$1,421,361	TPG Biotechnology Partners II, LP	\$1,562,636
Seaport Capital Partners II, LP	477,111	TPG Biotechnology Partners, LP	910,597
Silver Lake Partners II, LP	540,047	TPG Credit Strategies Fund, LP	737
Silver Lake Partners, LP	200,600	TPG Partners III, LP	310,380
Skyline Venture Qualified Purchasers Fund IV, LP	366,768	TPG Partners IV, LP	1,152,572
SpaceVest Fund, LP	29,776	TPG Partners V, LP	1,138,805
Stonington Capital Appreciation 1994 Fund, LP	12,246	TPG Ventures, LP	5,049,167
T3 Partners II, LP	249,131	Tricor Pacific Capital Partners, LP	430,475
TA Subordinated Debt Fund II, LP	583,587	Trinity Ventures IX, LP	160,782
TA X, LP	405,591	TSG Capital Fund II, LP	44,360
Tailwind Investment Partners International, Ltd.	10,323	TSG Capital Fund III, LP	79,109
TCW Special Credits Fund V - The Principal Fund	39,378	TWCP	837,010
Technology Partners Fund V, LP	17,505	US Power Fund II	239,367
Technology Partners Fund VI, LP	579,046	VantagePoint 2006, LP	1,620,619
Technology Partners Fund VII, LP	1,172,961	VantagePoint Clean Technology, LP	15,725
Thomas H. Lee Fund V, LP	563,541	W Capital Partners, LP	542,563
Thomas H. Lee Fund VI, LP	1,733,396	Welsh, Carson, Anderson & Stowe IX, LP	1,243,038
Thomas H. Lee Equity Fund III, LP	585,699	Welsh, Carson, Anderson & Stowe VI, LP	105,101
Thomas H. Lee Equity Fund IV, LP	34,297	Welsh, Carson, Anderson & Stowe VII, LP	353,984
Thomas Weisel Global Growth Partners, LP	460,596	Welsh, Carson, Anderson & Stowe VIII, LP	1,026,288
Thomas Weisel Healthcare Ventures, LP	446,212	Welsh, Carson, Anderson & Stowe X, LP	273,219
Thomas Weisel Strategic Opportunities Partners, LP	722,593	Weston Presidio Capital IV, LP	1,902,601
Thomas Weisel Venture Partners, LP	2,408,935	Weston Presidio Capital V, LP	1,149,960
Ticonderoga E-Services Fund I, LP	704,370	WLR Recovery Fund II, LP	194,335
Ticonderoga E-Services Fund II, LP	1,056,343	WLR Recovery Fund III, LP	2,962,397
TL Ventures III, LP	149,866	WLR Recovery Fund, LP	66,802
TL Ventures IV, LP	490,105	Yucaipa American Alliance Fund I, LP	2,538,261
TL Ventures V, LP	1,439,992	Yucaipa American Special Situations Fund I, LP	750,100
TowerBrook Investors I, LP	421,973	Yucaipa Corporate Initiatives Fund I, LP	2,066,741
TowerBrook Investors II, LP	3,815,748	Total	\$249,913,155

SCHEDULE OF FEES & COSTS FOR ABSOLUTE RETURN STRATEGIES PROGRAM — PERF

Fund Name	2006 Fees & Costs¹
Aspect Alternative Fund, LLC	\$325,056
Atticus Global, LP	4,091,628
Black River Commodity Multi-Strategy Fund, LLC	871,531
Black River Fixed Income Relative Value Opportunity Fund, Ltd.	2,276,219
Brookside Capital Partners Fund, LP	1,967,109
Canyon Value Realization Fund, LP	3,335,158
Chatham Asset High Yield Offshore Fund, Ltd.	1,745,670
Chatham Asset Leveraged Loan Offshore Fund, Ltd.	597,938
Deephaven Market Neutral, LLC	1,843,320
Everglades Partners, LP	738,305
Farallon Capital Offshore Investors, Inc. Class E	3,020,210
Lansdowne European Strategic Equity Fund, LP	1,611,863
Liberty Square Offshore Partners, Ltd.	947,813
O'Connor Global Quantitative Equity, LLC	1,390,991
OZ Domestic Partners II, LP	2,729,124
PFM Diversified Fund, LP	2,626,492
Rhapsody Fund, LP	715,273
Tennenbaum Multi-Strategy Fund, LLC	938,224
Tosca	2,141,801
Tremblant Partners, LP	1,750,571
Wayzata Recovery Fund, LLC	1,730,625
Zaxis Institutional Partners, LP	1,046,613
Vision Blue Diamond Fund, LP	1,211,660
Sparx Blue Diamond Fund, LP	519,682
KBC Blue Diamond Fund, LP	756,085
ERAAM Highbury Fund, LP	153,163
Ermitage Highbury Fund, LP	439,845
AIS Highbury Fund, LP	347,071
Total	\$41,869,040

Note:

¹ Fees and costs for the 1-year period ending December 31, 2006.

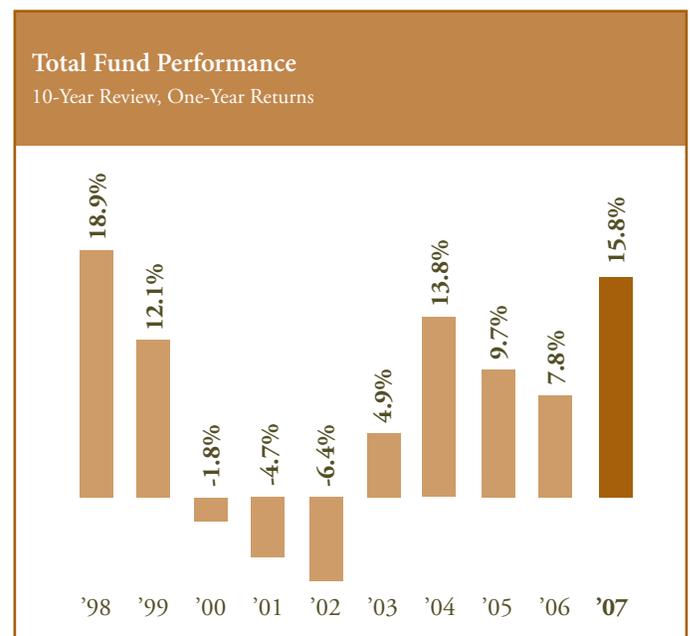
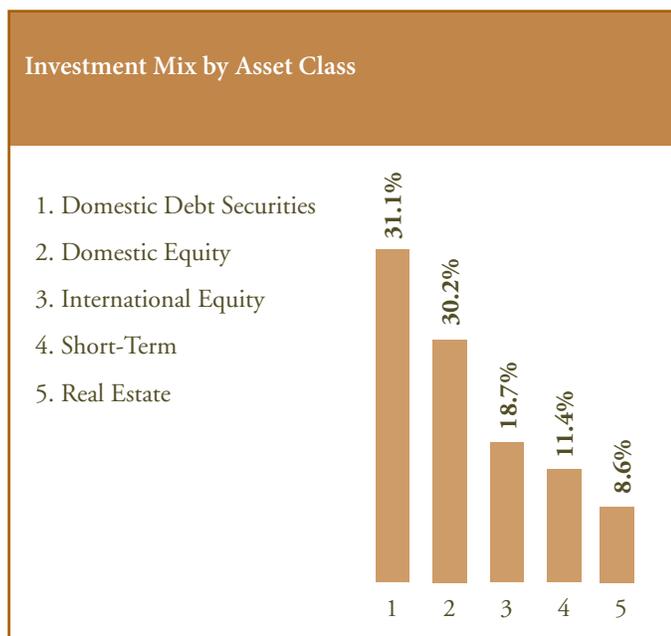
INVESTMENT PERFORMANCE — JRF II

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Judges' Retirement Fund II based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2007, are:

JRF II Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	15.8%	11.3%	10.5%	Weighted Policy Benchmark ¹	15.9%	11.1%	10.2%
				Actuarial Rate	7.3%	7.3%	7.3%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	16.1%	11.8%	10.9%
Domestic Equity	20.5%	11.5%	10.6%	Custom S&P 500 Index ³	20.3%	11.4%	10.6%
				TUCS Equity Median	19.8%	13.6%	12.9%
International Equity	28.0%	22.8%	18.1%	FTSE Developed World	27.8%	22.5%	17.9%
Domestic Debt Securities	6.5%	3.5%	5.1%	Lehman Long Liability Index	6.5%	4.7%	—%
Real Estate	11.9%	—%	—%	DJ Wilshire Index	11.7%	22.3%	19.3%
				TUCS Real Estate Median	15.2%	19.3%	15.5%

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.



Notes:

¹ The Weighted Policy Benchmark returns for the JRF II are based on asset class index returns, weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ The Custom Tobacco-Free S&P 500 Index is used as the benchmark for the U.S. equity segments of the JRF II, starting with the February 2001 performance.

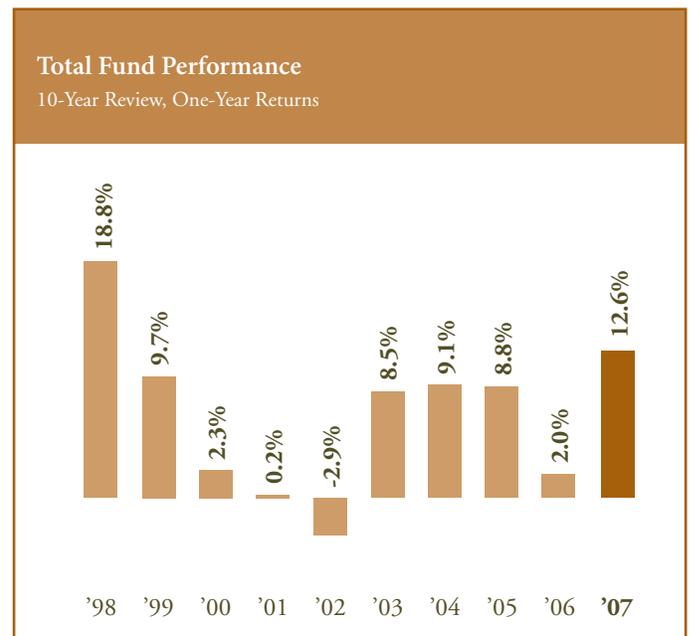
INVESTMENT PERFORMANCE — LRF

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Legislators' Retirement Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2007, are:

LRF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	12.6%	8.1%	8.4%	Weighted Policy Benchmark ¹	12.4%	8.5%	8.5%
				Actuarial Rate	7.0%	7.0%	7.0%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	16.1%	11.8%	10.9%
Domestic Equity	20.6%	11.5%	10.6%	Custom S&P 500 Index ³	20.3%	11.4%	10.6%
				TUCS Equity Median	19.8%	13.6%	12.9%
International Equity	27.8%	22.7%	18.2%	FTSE Developed World Index	27.8%	22.5%	17.6%
Domestic Debt Securities	6.8%	3.7%	5.1%	Lehman Long Liability ex-TIPS Index	6.6%	4.8%	5.6%
TIPS	4.4%	3.3%	—%	Lehman Long Liability TIPS	3.7%	4.0%	—%

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.



Notes:

¹ The Weighted Policy Benchmark returns for the LRF are based on asset class index returns, weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ The Custom Tobacco-Free S&P 500 Index is used as the benchmark for the U.S. equity segments of the LRF, starting with the February 2001 performance.

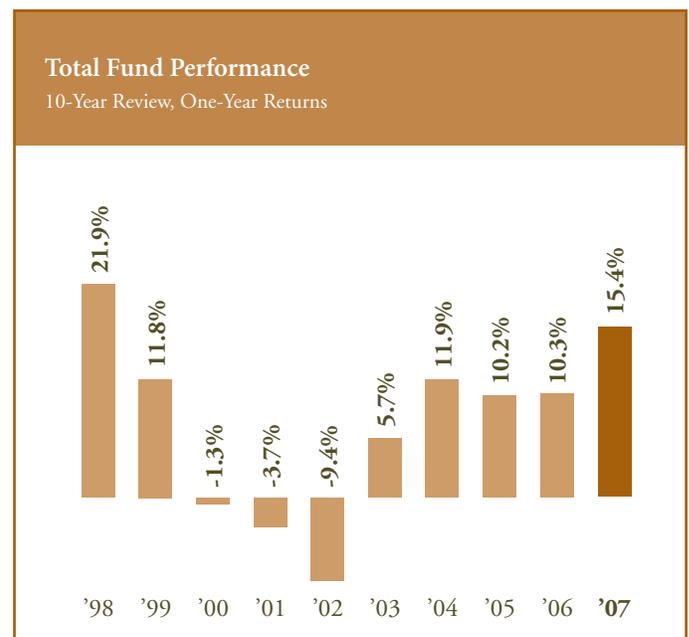
INVESTMENT PERFORMANCE — VFF

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Volunteer Firefighters' Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2007, are:

VFF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	15.4%	11.9%	10.6%	Weighted Policy Benchmark ¹	15.5%	11.5%	10.2%
				Actuarial Rate	7.5%	7.5%	7.5%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	16.1%	11.8%	10.9%
Domestic Equity	20.0%	11.9%	10.9%	Russell 3000 ³	20.1%	11.7%	10.7%
				TUCS Equity Median	19.8%	13.6%	12.9%
Domestic Debt Securities	5.9%	4.7%	5.8%	Lehman Long Liability Index	6.5%	4.7%	—%
International Equity	26.1%	—%	—%	MSCI EAFE	27.0%	—%	—%
Real Estate	11.9%	19.4%	—%	DJ Wilshire REIT Index	11.7%	22.3%	19.3%
				TUCS Real Estate Median	15.2%	19.3%	15.5%

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.



Notes:

¹ The Weighted Policy Benchmark returns for the VFF are based on asset class index returns, weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ The benchmark is Russell 3000 from July 2005 on. Prior to that, the benchmark was the Tobacco-Free S&P 500 Index.

ENTERPRISE-WIDE OPERATIONS PERS later became better known as the California Public Employees' Retirement System (CalPERS). Its workplace thrived, with state-of-the-art technologies complementing the System's open, diverse and progressive culture. In the 1990s, the System engaged in developing its most formal, enterprise-wide strategic plan. It documented the System's goals, articulated its commitment to fostering a first-rate work environment and culture, and reinforced its business philosophy for the next decade.

Left: PERS logo change, 1985. Right: Illustrated Lincoln Plaza, 1986. Background: Lincoln Plaza ground breaking ceremony with Robert F. Carlson (at left), 1983.

1980-90



**PERS To Get
A Face Lift**

Look for the new PERS logo!



The new logo was developed by the System's Publications Section as part of the new PERS Identity Program. The primary objectives of the program are to distinguish the service PERS provides from other State agencies, to foster a favorable and strong image, and to serve as a quality control



Actuarial and Employer Services Branch
P.O. Box 942709
Sacramento, CA 94229-2709

September 2007

The Board of Administration of the California Public Employees' Retirement System:

As authorized, the CalPERS actuarial staff perform annual actuarial valuations of the CalPERS State, schools, and public agency plans; the latest such valuations are as of June 30, 2006.

The funding objective for each of these plans is to accumulate assets equal to 100 percent of the accrued liability as measured by the Entry Age Normal Cost method in a manner that keeps contributions approximately level as a percentage of payroll. Unfunded actuarial liabilities or surplus assets (excess assets) are amortized pursuant to Board policy such that the amortization payment is not less than that required to amortize an unfunded liability over 30 years.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the Financial Section by Governmental Accounting Standards Board Statement No. 25. In our opinion, the actuarial assumptions are internally consistent and produce results which are reasonable in the aggregate.

The valuations are based on the member and financial data as of the valuation date, extracted from the various CalPERS databases. Both the membership and financial data are subject to extensive tests for reasonableness.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

CalPERS ACTUARIAL METHODS & ASSUMPTIONS

Actuarial Methods

The ultimate cost that a retirement system such as CalPERS incurs is equal to benefits paid plus the expenses resulting from administration and financing. These costs are paid through contributions to the plan and investment earnings on the System's assets.

The actuarial valuations rely upon data extracted from central databases maintained by CalPERS. These databases are created from data supplied by the individual employers. The data was not audited by the actuarial staff, but appears to be reasonable for valuation purposes. Summary information regarding plan membership data for various groups is provided in Exhibits F through H.

Using each plan's schedule of benefits, member data described above, and a set of actuarial assumptions, the plan's actuary estimates the cost of the benefits to be paid. Then, using a particular actuarial funding method, the actuary allocates these costs to the fiscal years within the employee's career.

In the case of the CalPERS plans with pay-related benefits, the financial objective is to fund in a manner which keeps contribution rates approximately as a level percentage of payroll from generation to generation, while accumulating sufficient assets over each member's working career. The primary funding method used to accomplish this objective is the Entry Age Normal Cost Method. This method is used for all defined benefit pay-related plans within CalPERS and for the Judges' Retirement System II (JRS II). It is also used for the Indexed Level of 1959 Survivor Benefits. CalPERS uses the level dollar Aggregate Cost Method for those pay-related plans which are closed and declining in membership. This method is used for the Legislators' Retirement System (LRS) and the Judges' Retirement System (JRS).

For CalPERS non-pay-related plans, the financial objective is to produce annual costs that coincide with the value of benefits earned for that year. The Term Insurance Cost Method is used for the plans within the 1959 Survivor Program that are not indexed and for the State Group Term Life Insurance Program. The Unit Credit Cost Method is used for the Volunteer Firefighters' Length of Service Award System (VFLSAS).

Annual actuarial valuations are performed each June 30 using these methods. This report contains information through the most recent valuation date of June 30, 2006. Progress in financing can be found in the Summary of Funding Progress, Exhibits A and B.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the Financial Section by Governmental Accounting Standards Board Statement No. 25.

Entry Age Normal Cost Method

Under the Entry Age Normal Cost Method, projected benefits are determined for all members. For active members, liabilities are spread in a manner that produces level annual costs as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years.

The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

CalPERS ACTUARIAL METHODS & ASSUMPTIONS (continued)

The excess of the total actuarial accrued liability over the value of plan assets is called the unfunded actuarial accrued liability.

The required contribution is then determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payroll.

In the CalPERS case, the unfunded liability is broken down into components, or bases, according to their date of origin and the cause that gave rise to that component. A component of the unfunded liability that arose due to a change in plan provisions or in actuarial methods or assumptions is separately tracked and amortized over a declining 20 year period.

The actuarial assumptions discussed in this section are used to determine projected benefits. The effect of differences between those assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences are actuarial gains or losses. Gains and losses are tracked separately and amortized over a rolling 30-year period.

A maximum 30-year amortization payment on the entire unfunded liability is enforced on the amortization methods described above. In addition, for those plans in which the amortization methods described above result in either mathematical inconsistencies or unreasonable actuarial results, all unfunded liability components are combined into a single base and amortized over a period of time, as determined by the CalPERS Chief Actuary. There is a minimum employer contribution equal to normal cost, less 30-year amortization of surplus (negative unfunded liability), if any.

Term Insurance Cost Method

The actuarial funding method for non-indexed levels of the 1959 Survivor Program is a modified Term Insurance Cost Method. Under this method, there is no actuarial accrued liability for active members; all liability is due to current beneficiaries. The normal cost is calculated as the amount needed to provide benefits to survivors of deaths expected in the next one-year period.

The Term Insurance Cost Method is also used for the State Group Term Life Insurance Program. The required contributions are calculated as one and one-half times the expected life insurance payments for the coming year less the current assets available to pay those benefits, but not less than zero.

Unit Credit Cost Method

The Unit Credit Cost Method is used to value the benefits provided by the VFLSAS. Under this method, the actuarial accrued liability is the sum of the present value of accrued benefits of all participants. The normal cost is the present value of the benefits earned during the valuation year by all participants.

Aggregate Cost Method

The Aggregate Cost Method is used for the LRS and JRS systems. Under this method, the difference between the present value of projected benefits and the assets of the plan are allocated over a specified period of time as a level dollar amount. The amount allocated to the current fiscal year is called the normal cost. There is no actuarial accrued liability calculated using the Aggregate Cost Method.

CalPERS ACTUARIAL METHODS & ASSUMPTIONS (continued)

Asset Valuation Method

In order to dampen the effect of short-term market value fluctuations on employer contribution rates, the following asset-smoothing technique is used: first an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However, in no case will the Actuarial Value of Assets be less than 80 percent or greater than 120 percent of the actual Market Value of Assets. This methodology is used in the valuations for all programs except the JRS, which uses an Actuarial Value of Assets equal to the Market Value of the Fund plus accrued interest.

Actuarial Assumptions

The actuarial assumptions used in determining actuarial liabilities and required employer contributions include both economic and non-economic assumptions. These assumptions represent the actuary's best estimate of anticipated future experience and are reviewed in depth periodically.

Economic Assumptions

The economic assumptions include an assumed inflation assumption of 3.0 percent compounded annually. The inflation assumption is a component of assumed investment return, assumed wage growth, and assumed future post-retirement cost-of-living increases.

Based upon the asset allocation of the Public Employees' Retirement Fund (PERF), the assumed investment return (net of administrative and investment expenses) is 7.75 percent per year, compounded annually. Different asset allocations and lower assumed investment returns apply to LRF, JRF, JRF II, and VFF.

The assumed investment returns for these four plans are 7.0 percent, 7.0 percent, 7.25 percent, and 7.5 percent, respectively.

For plans within CalPERS, the overall payroll is assumed to increase 3.25 percent annually. This is based upon the 3.0 percent inflation assumption and a 0.25 percent per annum productivity increase assumption. The overall payroll growth assumption is used to project future payroll over which the unfunded liability is amortized.

For plans within CalPERS, the assumed growth in an individual employee's future pay is composed of the 3.0 percent inflation component, an additional 0.25 percent per annum productivity component, and an annual merit increase based on the member's length of service. The service-based merit increase in an individual's salary recognizes that larger salary increases tend to occur earlier in an employee's career. Pay increase assumptions for individual members are shown for sample lengths of service in Exhibit C.

Non-Economic Assumptions

Non-economic assumptions for plans within the PERF are based upon demographic studies covering the period June 30, 1997 through June 30, 2002. The probabilities of service retirement, withdrawal from service, non-industrial disability, industrial disability, and death-in-service are shown for sample ages in Exhibit D. Individuals hired on or before June 30, 1982, are entitled to subsidized optional benefits. Certain valuation liabilities are increased to reflect this subsidy.

Post-retirement mortality tables are based on CalPERS experience. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table. Sample life annuity values based on these tables are shown in Exhibit E.

CHANGES SINCE PRIOR VALUATION

Changes in Actuarial Methods

There were no changes in actuarial methods since the prior year's actuarial valuation.

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions.

Changes in Plan Provisions

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in Appendix B of the plan's annual valuation report.

For the State, there was one change in the plan provisions from the prior year, below:

SB 65 (2001-2002 Legislative Session) — Provides a 3 percent at age 50 benefit formula for Peace Officer/Firefighter members employed in Bargaining Unit 6, Bargaining Unit 8, and related positions on or after January 1, 2006.

SUMMARY OF FUNDING PROGRESS

Unfunded Liability & Funded Ratios

For the plans in CalPERS, unfunded actuarial accrued liabilities are the difference between Entry Age Normal Accrued Liabilities and the assets of the Fund. It is required that these unfunded liabilities be financed systematically over future years.

Because of inflation, comparing the dollar amounts of assets, benefits paid, member salaries, and unfunded actuarial accrued liabilities can be misleading. While no one or two measures can fully describe the financial condition of a plan, the ratio of a pension plan's actuarial value of assets to its liabilities provides a meaningful index. However, a better measure is the funded ratio based on the market value of assets. This is the true measure of a plan's ability to pay benefits. The higher this ratio, the stronger the plan and observation of this ratio over a period of years can give an indication as to the financial strength of the system. Both these measures are presented in Exhibit A. The JRS and LRS use the Aggregate Cost Method to determine annual plan costs. Under the Aggregate Cost Method, no accrued liabilities are calculated, so this exhibit is not appropriate for these Systems.

Solvency Test

Exhibit B, Funding Progress — Solvency Test, demonstrates System solvency as measured under the Governmental Accounting Standards Board Statement No. 25. Again, as stated in the Summary of Funding Progress, the LRS and JRS use the Aggregate Cost Method; therefore, measuring System solvency under Exhibit B is not appropriate for these Systems.

Independent Review

To ensure the quality of its valuations, CalPERS contracts with independent consulting actuaries to review the valuations on a triennial basis.

EXHIBIT A – FUNDING PROGRESS — UNFUNDED LIABILITY & FUNDED RATIOS

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (2) – (1)	Funded Ratio - Actuarial Value of Assets Basis (1)/(2)	Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2) – (1)]/(3)	Market Value of Assets (4)	Funded Ratio - Market Value of Assets Basis ¹ (4)/(2)
PERF								
6/30/97	\$108,566	\$97,925	(\$10,641)	110.9%	\$22,504	(47.3%)	\$120,629	123.2%
6/30/98	128,830	106,938	(21,892)	120.5	24,672	(88.9)	143,144	133.9
6/30/99	148,605	115,748	(32,857)	128.4	27,636	(118.9)	159,567	137.9
6/30/00	162,439	135,970	(26,469)	119.5	28,098	(94.2)	172,163	126.6
6/30/01	166,860	149,155	(17,705)	111.9	30,802	(57.5)	156,035	104.6
6/30/02	156,067	163,961	7,894	95.2	32,873	24.0	142,455	86.9
6/30/03	158,596	180,922	22,326	87.7	34,784	64.2	144,330	79.8
6/30/04	169,899	194,609	24,710	87.3	35,078	70.4	167,110	85.9
6/30/05	183,680	210,301	26,621 ¹	87.3	36,045	73.9	189,103	89.9
6/30/06	199,033	228,131	29,098 ²	87.2	38,047	76.5	211,188	92.6
CERBTf								
6/30/07	\$11.4	\$23.6	\$12.2	48.3%	\$37.1	32.8%	\$11.4	48.3% ¹
JRF II								
6/30/97	\$7.242	\$7.906	\$0.664	91.6%	\$15.4	4.3%	\$7.242	91.6%
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)	16.257	108.1
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)	28.373	105.4
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6	41.354	99.4
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1	51.982	85.3
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2	65.390	85.5
6/30/03	96.107	105.116	9.009	91.4	87.3	10.3	90.714	86.3
6/30/04	129.153	137.704	8.551	93.8	99.0	8.6	129.316	93.9
6/30/05	167.556	177.761	10.205	94.3	111.8	9.1	171.875	96.7
6/30/06	212.904	220.135	7.231	96.7	125.3	5.8	218.987	99.5

EXHIBIT A – FUNDING PROGRESS — UNFUNDED LIABILITY & FUNDED RATIOS (continued)

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (2) – (1)	Funded Ratio - Actuarial Value of Assets Basis (1)/(2)	Annual Covered Payroll (3)	UAAL as a % of Covered Payroll [(2) – (1)]/(3)	Market Value of Assets (4)	Funded Ratio - Market Value of Assets Basis ¹ (4)/(2)
VFF								
6/30/97	\$1.360	\$1.121	(\$0.239)	121.3%	N/A	N/A	\$1.482	132.2%
6/30/98	1.678	1.500	(0.178)	111.8	N/A	N/A	1.936	129.1
6/30/99	1.987	1.805	(0.182)	110.1	N/A	N/A	2.207	122.3
6/30/00	2.302	2.296	(0.006)	100.3	N/A	N/A	2.423	105.5
6/30/01	2.524	2.183	(0.341)	115.6	N/A	N/A	2.373	108.7
6/30/02	2.310	2.453	0.143	94.2	N/A	N/A	2.100	85.6
6/30/03	2.786	3.206	0.420	86.9	N/A	N/A	2.533	79.0
6/30/04	2.975	3.525	0.550	84.4	N/A	N/A	2.780	78.9
6/30/05	3.212	3.651	0.439	88.0	N/A	N/A	3.050	83.5
6/30/06	3.587	4.118	0.531	87.1	N/A	N/A	3.480	84.5

Notes:

- ¹ The funded ratio based on the market value of assets is the true measure of the plan's ability to pay benefits.
- ² The Unfunded Actuarial Accrued Liability (net assets in excess of the total Actuarial Liability) of the PERF by major employer groups from the June 30, 2006 valuation is as follows: 1) \$15,442 for the State of California, 2) \$2,909 for Schools, and 3) \$10,747 for Public Agencies.

Supplemental Schedule of Differences

Reconciliation between the Net Assets Held in Trust for Pension Benefits and the Net Assets Allocated to fund the Pension Benefit Obligation or the Actuarial Liability — June 30, 2006.

	PERF	LRF	JRF	JRF II	VFF
Net Assets Held in Trust for Pension					
Benefits Less:	\$211,190,801,000	\$133,631,000	\$17,886,000	\$218,986,000	\$3,434,000
Prior Year Adjustment	(29,961,902)	—	—	—	—
Member Additional Contributions	3,765,862	—	—	—	—
Reserve for Post-Retirement Redeposit	30,008,204	—	—	—	—
Reserve for Disability Installment Payments	81,314	—	—	—	—
Reserve for Purchasing Power Protection Account	0	—	—	—	—
Reserve for Deficiencies	433,499,589	—	—	—	—
Reserve for Fiduciary Self-Insurance	40,000,000	—	—	—	—
Other Reserves & Adjustments	43,852,972	—	—	—	—
Receivables for Tier 1 Conversion & Service Buybacks ³	(524,458,764)	—	—	—	—
Difference Between Smoothed Market Value & Fair Value	12,154,439,039	(6,355,652)	58	6,082,472	(153,350)
Actuarial Value of Assets	\$199,033,149,236	\$139,986,652	\$17,885,942	\$212,903,528	\$3,587,350

- ³ The market value of assets and the actuarial value of assets used in the actuarial valuation include receivables from members who purchased years of service and are paying for it over time, as well as receivables for State members who would potentially convert their service from Second Tier to First Tier any time prior to retirement.

EXHIBIT B – FUNDING PROGRESS — SOLVENCY TEST

The funding objective for a retirement system is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement services accrued in that year by the retirement system's members.

If a system follows level contribution rate financing principles, it will pay all promised benefits when due — the ultimate test of financial soundness.

A short-term solvency test is one means of checking a system's funding progress. In a short-term solvency test, the plan's present assets (investments and cash) are compared with 1) member contributions on deposit, 2) the liabilities for future benefits to persons who have retired or

terminated, and 3) the liabilities for projected benefits for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retirees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time.

Exhibit B illustrates the progress of funding liability of the PERF, JRF, JRF II, LRF, and VFF.

EXHIBIT B – FUNDING PROGRESS — SOLVENCY TEST (continued)

Valuation Date	Accrued Liability			Total Accrued Liability (1) + (2) + (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Valuation Assets		
	Member Contributions ¹ (1)	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)			(1)	(2)	(3)
PERF								
(Dollars in Billions)								
6/30/97	\$18.7	\$50.8	\$28.4	\$97.9	\$108.6	100%	100%	137.5%
6/30/98	20.1	55.4	31.5	106.9	128.9	100	100	169.6
6/30/99	21.5	58.0	36.2	115.8	148.6	100	100	190.7
6/30/00	22.9	66.3	46.8	136.0	162.4	100	100	156.6
6/30/01	24.5	67.3	57.3	149.2	166.9	100	100	130.9
6/30/02	26.3	73.8	63.9	164.0	156.1	100	100	87.6
6/30/03	27.5	84.0	69.4	180.9	158.6	100	100	67.8
6/30/04	29.4	92.5	72.7	194.6	169.9	100	100	66.0
6/30/05	31.3	103.0	76.0	210.3	183.7	100	100	65.0
6/30/06	31.6	111.4	85.1	228.1	199.0	100	100	65.8

Note:

¹ Includes accrued interest on member contributions.

EXHIBIT B – FUNDING PROGRESS — SOLVENCY TEST (continued)

Valuation Date	Accrued Liability			Total Accrued Liability (1) + (2) + (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Valuation Assets		
	Member Contributions ¹ (1)	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)			(1)	(2)	(3)
JRF II								
(Dollars in Millions)								
6/30/97	\$1.877	\$0.273	\$5.756	\$7.906	\$7.242	100%	100%	87.7%
6/30/98	3.979	0.378	10.686	15.043	15.120	100	100	100.7
6/30/99	6.509	0.195	20.217	26.921	27.155	100	100	101.2
6/30/00	9.680	0.292	31.647	41.619	40.503	100	100	96.5
6/30/01	13.817	0.167	46.949	60.933	55.955	100	100	89.4
6/30/02	19.120	0.356	56.983	76.459	71.929	100	100	92.1
6/30/03	28.430	0.714	75.972	105.116	96.107	100	100	88.1
6/30/04	37.557	1.223	98.923	137.704	129.153	100	100	91.4
6/30/05	51.211	1.786	124.764	177.761	167.556	100	100	91.8
6/30/06	65.048	5.710	149.376	220.135	212.904	100	100	95.2
VFF								
(Dollars in Millions)								
6/30/97	N/A	\$0.089	\$1.032	\$1.121	\$1.360	N/A	100%	123.2%
6/30/98	N/A	0.156	1.344	1.500	1.678	N/A	100	113.2
6/30/99	N/A	0.178	1.627	1.805	1.987	N/A	100	111.2
6/30/00	N/A	0.275	2.021	2.296	2.302	N/A	100	100.3
6/30/01	N/A	0.458	1.725	2.183	2.524	N/A	100	119.8
6/30/02	N/A	0.476	1.977	2.453	2.310	N/A	100	92.8
6/30/03	N/A	0.561	2.645	3.206	2.786	N/A	100	84.1
6/30/04	N/A	0.765	2.760	3.525	2.975	N/A	100	80.1
6/30/05	N/A	0.920	2.731	3.651	3.212	N/A	100	83.9
6/30/06	N/A	1.121	2.997	4.118	3.587	N/A	100	82.3

Note:

¹ Includes accrued interest on member contributions.

EXHIBIT C – SAMPLE PAY INCREASE ASSUMPTIONS FOR INDIVIDUAL MEMBERS

Annual Percentage Increases Vary by Duration of Service ¹

Duration of Service	State Miscellaneous First & Second Tier			State Industrial First & Second Tier		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	13.35%	10.95%	8.25%	9.55%	8.85%	8.25%
3	8.95	8.05	6.55	8.15	7.75	7.35
5	7.25	6.75	5.85	7.35	7.15	6.95
10	4.95	4.85	4.45	6.05	5.85	5.75
15	4.25	4.15	3.95	5.15	5.05	4.95
20	3.85	3.85	3.75	4.55	4.45	4.35
25	3.55	3.55	3.45	3.85	3.85	3.85
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	State Safety			State Peace Officer/Firefighter		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	7.55%	7.35%	7.15%	19.95%	18.55%	16.85%
3	6.15	5.65	4.85	9.05	8.85	8.25
5	5.55	5.05	4.05	6.85	6.65	6.05
10	4.85	4.35	3.55	4.65	4.55	4.35
15	4.35	4.05	3.45	4.15	4.05	4.05
20	3.95	3.75	3.45	3.85	3.75	3.75
25	3.65	3.55	3.35	3.55	3.55	3.55
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	California Highway Patrol			School		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	9.05%	9.05%	9.05%	11.05%	9.85%	8.45%
3	6.25	6.25	6.25	7.75	7.25	6.45
5	5.15	5.15	5.15	6.55	6.25	5.55
10	3.95	3.95	3.95	4.75	4.65	4.35
15	3.75	3.75	3.75	4.15	4.05	3.75
20	3.55	3.55	3.55	3.85	3.75	3.45
25	3.45	3.45	3.45	3.55	3.55	3.35
30	3.25	3.25	3.25	3.25	3.25	3.25

Note:

¹ Increase includes the assumed inflation rate of 3.0 percent per year.

EXHIBIT C – SAMPLE PAY INCREASE ASSUMPTIONS FOR INDIVIDUAL MEMBERS (continued)

Annual Percentage Increases Vary by Duration of Service ¹

Duration of Service	Public Agency Miscellaneous			Public Agency Fire		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	14.45%	12.65%	10.05%	10.75%	10.75%	10.45%
3	9.05	8.25	6.95	8.25	7.75	6.25
5	7.25	6.75	5.85	7.15	6.45	4.75
10	5.05	4.85	4.35	5.35	4.85	3.75
15	4.55	4.35	3.85	4.35	4.15	3.65
20	4.15	3.95	3.55	3.95	3.85	3.45
25	3.65	3.65	3.45	3.55	3.55	3.35
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	Public Agency Police			Public Agency County Peace Officer		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	11.15%	11.15%	11.15%	13.15%	13.15%	13.15%
3	7.45	7.25	6.65	8.45	7.95	7.35
5	6.15	5.75	5.05	6.85	6.25	5.55
10	4.75	4.45	3.65	4.85	4.45	4.05
15	4.35	4.15	3.55	4.35	4.05	3.85
20	3.95	3.85	3.45	3.95	3.85	3.65
25	3.65	3.55	3.35	3.65	3.55	3.45
30	3.25	3.25	3.25	3.25	3.25	3.25

Note:

¹ Increase includes the assumed inflation rate of 3.0 percent per year.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS

State Miscellaneous First Tier

Probability of an active member leaving due to:

Age ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02070	0.03520	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.01870	0.03190	N/A	N/A	0.00027	0.00014	0.00020	0.00050	N/A	N/A
30	0.01680	0.02860	N/A	N/A	0.00038	0.00021	0.00030	0.00100	N/A	N/A
35	0.01490	0.02530	N/A	N/A	0.00054	0.00031	0.00050	0.00140	N/A	N/A
40	0.01290	0.02210	N/A	N/A	0.00077	0.00046	0.00120	0.00220	N/A	N/A
45	0.01100	0.00000	N/A	N/A	0.00110	0.00068	0.00220	0.00350	N/A	N/A
50	0.00910	0.00000	0.00880	0.01870	0.00156	0.00102	0.00380	0.00560	N/A	N/A
55	0.00710	0.00000	0.03170	0.06730	0.00221	0.00151	0.00400	0.00700	N/A	N/A
56	0.00680	0.00000	0.02550	0.05410	0.00237	0.00164	0.00380	0.00690	N/A	N/A
57	0.00640	0.00000	0.03220	0.06830	0.00255	0.00178	0.00350	0.00680	N/A	N/A
58	0.00600	0.00000	0.04010	0.08510	0.00273	0.00192	0.00320	0.00650	N/A	N/A
59	0.00560	0.00000	0.04680	0.09940	0.00293	0.00208	0.00290	0.00610	N/A	N/A
60	0.00520	0.00000	0.06970	0.14790	0.00314	0.00226	0.00260	0.00570	N/A	N/A
61	0.00480	0.00000	0.06930	0.14710	0.00337	0.00244	0.00230	0.00530	N/A	N/A
62	0.00440	0.00000	0.12520	0.26590	0.00362	0.00265	0.00210	0.00490	N/A	N/A
63	0.00400	0.00000	0.14970	0.31790	0.00388	0.00287	0.00190	0.00460	N/A	N/A
64	0.00370	0.00000	0.09890	0.20990	0.00416	0.00310	0.00170	0.00420	N/A	N/A
65	0.00330	0.00000	0.14470	0.30730	0.00447	0.00336	0.00150	0.00380	N/A	N/A
70	0.00130	0.00000	0.10680	0.22680	0.00634	0.00500	0.00150	0.00380	N/A	N/A

State Miscellaneous Second Tier

Probability of an active member leaving due to:

Age ¹	Non-Vested Termination	Termination with Vested Deferred Benefits	Service Retirement ³		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	10 years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.08430	0.05890	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.07800	0.05260	N/A	N/A	0.00027	0.00014	0.00020	0.00040	N/A	N/A
30	0.07170	0.04630	N/A	N/A	0.00038	0.00021	0.00030	0.00060	N/A	N/A
35	0.06540	0.04000	N/A	N/A	0.00054	0.00031	0.00030	0.00170	N/A	N/A
40	0.05910	0.00000	N/A	N/A	0.00077	0.00046	0.00230	0.00410	N/A	N/A
45	0.05280	0.00000	N/A	N/A	0.00110	0.00068	0.00420	0.00680	N/A	N/A
50	0.04650	0.00000	0.00880	0.01870	0.00156	0.00102	0.00580	0.00990	N/A	N/A
55	0.04020	0.00000	0.03170	0.06730	0.00221	0.00151	0.00730	0.01230	N/A	N/A
56	0.03900	0.00000	0.02550	0.05410	0.00237	0.00164	0.00750	0.01260	N/A	N/A
57	0.03770	0.00000	0.03220	0.06830	0.00255	0.00178	0.00770	0.01290	N/A	N/A
58	0.03650	0.00000	0.04010	0.08510	0.00273	0.00192	0.00780	0.01310	N/A	N/A
59	0.03520	0.00000	0.04680	0.09940	0.00293	0.00208	0.00800	0.01330	N/A	N/A
60	0.03390	0.00000	0.06970	0.14790	0.00314	0.00226	0.00810	0.01340	N/A	N/A
61	0.03270	0.00000	0.06930	0.14710	0.00337	0.00244	0.00830	0.01340	N/A	N/A
62	0.03140	0.00000	0.12520	0.26590	0.00362	0.00265	0.00840	0.01340	N/A	N/A
63	0.03020	0.00000	0.14970	0.31790	0.00388	0.00287	0.00860	0.01340	N/A	N/A
64	0.02890	0.00000	0.09890	0.20990	0.00416	0.00310	0.00870	0.01340	N/A	N/A
65	0.02770	0.00000	0.14470	0.30730	0.00447	0.00336	0.00890	0.01330	N/A	N/A
70	0.02140	0.00000	0.10680	0.22680	0.00634	0.00500	0.00890	0.01330	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

³ State Miscellaneous Tier 2 members have the right to convert their Tier 2 service to Tier 1 service provided that they make up the shortfall in their accumulated contributions with interest. The assumption is that all Tier 2 members will elect to convert to Tier 1 service.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS (continued)

California Highway Patrol

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.01150	20	0.00610	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00090	
1	0.01110	25	0.00610	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00170	
2	0.01080	30	0.00610	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00250	
3	0.01040	35	0.00610	N/A	N/A	0.00054	0.00031	0.00010	0.00013	0.00330	
4	0.01010	40	0.00610	N/A	N/A	0.00077	0.00046	0.00010	0.00017	0.00420	
5	0.00360	45	0.00000	N/A	N/A	0.00110	0.00068	0.00020	0.00020	0.00500	
6	0.00340	50	0.00000	0.00440	0.01320	0.00156	0.00102	0.00020	0.00023	0.00580	
7	0.00320	55	0.00000	0.02800	0.08400	0.00221	0.00151	0.00020	0.00027	0.11890	
8	0.00300	56	0.00000	0.02710	0.08130	0.00237	0.00164	0.00020	0.00027	0.11890	
9	0.00280	57	0.00000	0.02990	0.08970	0.00255	0.00178	0.00020	0.00028	0.11890	
10	0.00260	58	0.00000	0.02990	0.06860	0.00273	0.00192	0.00020	0.00029	0.11890	
15	0.00170	59	0.00000	0.04530	0.13580	0.00293	0.00208	0.00020	0.00029	0.11890	
20	0.00100	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00020	0.00030	0.11890	
25	0.00050	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00020	0.00031	0.11890	
30	0.00030	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00020	0.00031	0.11890	
35	0.00030	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00020	0.00032	0.11890	
40	0.00030	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00020	0.00033	0.11890	
45	0.00030	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00020	0.00033	0.11890	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00020	0.00037	0.11890	

School

Probability of an active member leaving due to:

Age ³	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ¹	5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male	Female	Male & Female	Male & Female
20	0.03470	0.05910	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.03110	0.05310	N/A	N/A	0.00027	0.00014	0.00020	0.00010	N/A	N/A
30	0.02760	0.04700	N/A	N/A	0.00038	0.00021	0.00040	0.00030	N/A	N/A
35	0.02400	0.04100	N/A	N/A	0.00054	0.00031	0.00080	0.00050	N/A	N/A
40	0.02050	0.03490	N/A	N/A	0.00077	0.00046	0.00140	0.00100	N/A	N/A
45	0.01690	0.00000	N/A	N/A	0.00110	0.00068	0.00280	0.00160	N/A	N/A
50	0.01340	0.00000	0.00710	0.01310	0.00156	0.00102	0.00500	0.00300	N/A	N/A
55	0.00980	0.00000	0.03840	0.07070	0.00221	0.00151	0.00720	0.00470	N/A	N/A
56	0.00910	0.00000	0.03140	0.05780	0.00237	0.00164	0.00740	0.00470	N/A	N/A
57	0.00840	0.00000	0.03370	0.06200	0.00255	0.00178	0.00750	0.00470	N/A	N/A
58	0.00770	0.00000	0.04020	0.07390	0.00273	0.00192	0.00740	0.00440	N/A	N/A
59	0.00700	0.00000	0.04570	0.08420	0.00293	0.00208	0.00730	0.00410	N/A	N/A
60	0.00630	0.00000	0.07290	0.13420	0.00314	0.00226	0.00710	0.00370	N/A	N/A
61	0.00560	0.00000	0.07210	0.13280	0.00337	0.00244	0.00690	0.00340	N/A	N/A
62	0.00490	0.00000	0.15120	0.27840	0.00362	0.00265	0.00660	0.00310	N/A	N/A
63	0.00410	0.00000	0.13630	0.25100	0.00388	0.00287	0.00630	0.00270	N/A	N/A
64	0.00340	0.00000	0.10600	0.19510	0.00416	0.00310	0.00600	0.00240	N/A	N/A
65	0.00270	0.00000	0.17970	0.33080	0.00447	0.00336	0.00570	0.00200	N/A	N/A
70	0.00040	0.00000	0.13080	0.24080	0.00634	0.00500	0.00570	0.00200	N/A	N/A

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

³ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS (continued)

State Safety

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.14320	20	0.01450	N/A	N/A	0.00019	0.00009	0.00040	0.00003	0.00020	
1	0.09160	25	0.01450	N/A	N/A	0.00027	0.00014	0.00060	0.00007	0.00090	
2	0.05070	30	0.01450	N/A	N/A	0.00038	0.00021	0.00070	0.00010	0.00180	
3	0.04150	35	0.01450	N/A	N/A	0.00054	0.00031	0.00080	0.00013	0.00270	
4	0.03230	40	0.01450	N/A	N/A	0.00077	0.00046	0.00080	0.00017	0.00360	
5	0.00850	45	0.00000	N/A	N/A	0.00110	0.00068	0.00120	0.00020	0.00440	
6	0.00790	50	0.00000	0.01610	0.04170	0.00156	0.00102	0.00240	0.00023	0.00530	
7	0.00740	55	0.00000	0.07790	0.20170	0.00221	0.00151	0.00340	0.00027	0.00800	
8	0.00690	56	0.00000	0.05590	0.14460	0.00237	0.00164	0.00360	0.00027	0.00800	
9	0.00640	57	0.00000	0.05840	0.15110	0.00255	0.00178	0.00380	0.00028	0.00800	
10	0.00590	58	0.00000	0.05260	0.13610	0.00273	0.00192	0.00390	0.00029	0.00800	
15	0.00380	59	0.00000	0.06260	0.16200	0.00293	0.00208	0.00410	0.00029	0.00800	
20	0.00220	60	0.00000	0.06710	0.17350	0.00314	0.00226	0.00430	0.00030	0.00800	
25	0.00090	61	0.00000	0.07020	0.18180	0.00337	0.00244	0.00440	0.00031	0.00800	
30	0.00050	62	0.00000	0.09290	0.24050	0.00362	0.00265	0.00460	0.00031	0.00800	
35	0.00050	63	0.00000	0.08570	0.22180	0.00388	0.00287	0.00480	0.00032	0.00800	
40	0.00050	64	0.00000	0.09140	0.23660	0.00416	0.00310	0.00490	0.00033	0.00800	
45	0.00050	65	0.00000	0.13180	0.34110	0.00447	0.00336	0.00510	0.00033	0.00800	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00510	0.00037	0.00800	

State Peace Officer/Firefighter

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.14320	20	0.01450	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00030	
1	0.09160	25	0.01450	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00150	
2	0.05070	30	0.01450	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00300	
3	0.04150	35	0.01450	N/A	N/A	0.00054	0.00031	0.00020	0.00013	0.00450	
4	0.03230	40	0.01450	N/A	N/A	0.00077	0.00046	0.00050	0.00017	0.00600	
5	0.00850	45	0.00000	N/A	N/A	0.00110	0.00068	0.00080	0.00020	0.00750	
6	0.00790	50	0.00000	0.01610	0.04170	0.00156	0.00102	0.00130	0.00023	0.00900	
7	0.00740	55	0.00000	0.07790	0.20170	0.00221	0.00151	0.00190	0.00027	0.02080	
8	0.00690	56	0.00000	0.05590	0.14460	0.00237	0.00164	0.00200	0.00027	0.02080	
9	0.00640	57	0.00000	0.05840	0.15110	0.00255	0.00178	0.00210	0.00028	0.02080	
10	0.00590	58	0.00000	0.05260	0.13610	0.00273	0.00192	0.00220	0.00029	0.02080	
15	0.00380	59	0.00000	0.06260	0.16200	0.00293	0.00208	0.00240	0.00029	0.02080	
20	0.00220	60	0.00000	0.06710	0.17350	0.00314	0.00226	0.00250	0.00030	0.02080	
25	0.00090	61	0.00000	0.07020	0.18180	0.00337	0.00244	0.00260	0.00031	0.02080	
30	0.00050	62	0.00000	0.09290	0.24050	0.00362	0.00265	0.00270	0.00031	0.02080	
35	0.00050	63	0.00000	0.08570	0.22180	0.00388	0.00287	0.00290	0.00032	0.02080	
40	0.00050	64	0.00000	0.09140	0.23660	0.00416	0.00310	0.00300	0.00033	0.02080	
45	0.00050	65	0.00000	0.13180	0.34110	0.00447	0.00336	0.00310	0.00033	0.02080	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00310	0.00037	0.02080	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS (continued)

Public Agency 2% at 55 Miscellaneous

Probability of an active member leaving due to:

Age ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02830	0.04820	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.02570	0.04390	N/A	N/A	0.00027	0.00014	0.00020	0.00020	N/A	N/A
30	0.02320	0.03950	N/A	N/A	0.00038	0.00021	0.00020	0.00040	N/A	N/A
35	0.02060	0.03510	N/A	N/A	0.00054	0.00310	0.00080	0.00100	N/A	N/A
40	0.01810	0.03070	N/A	N/A	0.00077	0.00460	0.00150	0.00160	N/A	N/A
45	0.01550	0.00000	N/A	N/A	0.00110	0.00068	0.00240	0.00230	N/A	N/A
50	0.01290	0.00000	0.01840	0.03070	0.00156	0.00102	0.00370	0.00350	N/A	N/A
55	0.01040	0.00000	0.06040	0.10080	0.00221	0.00151	0.00490	0.00410	N/A	N/A
56	0.00990	0.00000	0.05020	0.08380	0.00237	0.00164	0.00510	0.00410	N/A	N/A
57	0.00930	0.00000	0.05420	0.09050	0.00255	0.00178	0.00530	0.00410	N/A	N/A
58	0.00880	0.00000	0.06010	0.10030	0.00273	0.00192	0.00530	0.00400	N/A	N/A
59	0.00830	0.00000	0.06480	0.10820	0.00293	0.00208	0.00540	0.00390	N/A	N/A
60	0.00780	0.00000	0.09080	0.15160	0.00314	0.00226	0.00550	0.00390	N/A	N/A
61	0.00730	0.00000	0.09080	0.15160	0.00337	0.00244	0.00550	0.00380	N/A	N/A
62	0.00680	0.00000	0.01620	0.27040	0.00362	0.00265	0.00550	0.00370	N/A	N/A
63	0.00630	0.00000	0.16360	0.27310	0.00388	0.00287	0.00550	0.00360	N/A	N/A
64	0.00580	0.00000	0.11820	0.19740	0.00416	0.00310	0.00540	0.00350	N/A	N/A
65	0.00520	0.00000	0.22090	0.36880	0.00447	0.00336	0.00540	0.00330	N/A	N/A
70	0.00270	0.00000	0.15550	0.25960	0.00634	0.00500	0.00540	0.00330	N/A	N/A

Public Agency 2.5% at 55 Miscellaneous

Probability of an active member leaving due to:

Age ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02830	0.04820	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.02570	0.04390	N/A	N/A	0.00027	0.00014	0.00020	0.00020	N/A	N/A
30	0.02320	0.03950	N/A	N/A	0.00038	0.00021	0.00020	0.00040	N/A	N/A
35	0.02060	0.03510	N/A	N/A	0.00054	0.00310	0.00080	0.00100	N/A	N/A
40	0.01810	0.03070	N/A	N/A	0.00077	0.00460	0.00150	0.00160	N/A	N/A
45	0.01550	0.00000	N/A	N/A	0.00110	0.00068	0.00240	0.00230	N/A	N/A
50	0.01290	0.00000	0.05000	0.07000	0.00156	0.00102	0.00370	0.00350	N/A	N/A
55	0.01040	0.00000	0.08000	0.09000	0.00221	0.00151	0.00490	0.00410	N/A	N/A
56	0.00990	0.00000	0.06000	0.07000	0.00237	0.00164	0.00510	0.00410	N/A	N/A
57	0.00930	0.00000	0.07000	0.06000	0.00255	0.00178	0.00530	0.00410	N/A	N/A
58	0.00880	0.00000	0.08000	0.10000	0.00273	0.00192	0.00530	0.00400	N/A	N/A
59	0.00830	0.00000	0.09000	0.09000	0.00293	0.00208	0.00540	0.00390	N/A	N/A
60	0.00780	0.00000	0.16000	0.12000	0.00314	0.00226	0.00550	0.00390	N/A	N/A
61	0.00730	0.00000	0.15000	0.10000	0.00337	0.00244	0.00550	0.00380	N/A	N/A
62	0.00680	0.00000	0.26000	0.21000	0.00362	0.00265	0.00550	0.00370	N/A	N/A
63	0.00630	0.00000	0.22000	0.18000	0.00388	0.00287	0.00550	0.00360	N/A	N/A
64	0.00580	0.00000	0.15000	0.13000	0.00416	0.00310	0.00540	0.00350	N/A	N/A
65	0.00520	0.00000	0.25000	0.25000	0.00447	0.00336	0.00540	0.00330	N/A	N/A
70	0.00270	0.00000	1.00000	1.00000	0.00634	0.00500	0.00540	0.00330	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS (continued)

Public Agency 2.7% at 55 Miscellaneous

Probability of an active member leaving due to:

Age ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02830	0.04820	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.02570	0.04390	N/A	N/A	0.00027	0.00014	0.00020	0.00020	N/A	N/A
30	0.02320	0.03950	N/A	N/A	0.00038	0.00021	0.00020	0.00040	N/A	N/A
35	0.02060	0.03510	N/A	N/A	0.00054	0.00031	0.00080	0.00100	N/A	N/A
40	0.01810	0.03070	N/A	N/A	0.00077	0.00046	0.00150	0.00160	N/A	N/A
45	0.01550	0.00000	N/A	N/A	0.00110	0.00068	0.00240	0.00230	N/A	N/A
50	0.01290	0.00000	0.05000	0.07000	0.00156	0.00102	0.00370	0.00350	N/A	N/A
55	0.01040	0.00000	0.09000	0.10000	0.00221	0.00151	0.00490	0.00410	N/A	N/A
56	0.00990	0.00000	0.07000	0.08000	0.00237	0.00164	0.00510	0.00410	N/A	N/A
57	0.00930	0.00000	0.08000	0.07000	0.00255	0.00178	0.00530	0.00410	N/A	N/A
58	0.00880	0.00000	0.08000	0.10000	0.00273	0.00192	0.00530	0.00400	N/A	N/A
59	0.00830	0.00000	0.10000	0.09000	0.00293	0.00208	0.00540	0.00390	N/A	N/A
60	0.00830	0.00000	0.17000	0.13000	0.00314	0.00226	0.00550	0.00390	N/A	N/A
61	0.00830	0.00000	0.16000	0.11000	0.00337	0.00244	0.00550	0.00380	N/A	N/A
62	0.00830	0.00000	0.28000	0.23000	0.00362	0.00265	0.00550	0.00370	N/A	N/A
63	0.00830	0.00000	0.23000	0.20000	0.00388	0.00287	0.00550	0.00360	N/A	N/A
64	0.00830	0.00000	0.16000	0.14000	0.00416	0.00310	0.00540	0.00350	N/A	N/A
65	0.00830	0.00000	0.27000	0.27000	0.00447	0.00336	0.00540	0.00330	N/A	N/A
70	0.00830	0.00000	1.00000	1.00000	0.00634	0.00500	0.00540	0.00330	N/A	N/A

Public Agency 3% at 60 Miscellaneous

Probability of an active member leaving due to:

Age ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female
20	0.02830	0.04820	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.02570	0.04390	N/A	N/A	0.00027	0.00014	0.00020	0.00020	N/A	N/A
30	0.02320	0.03950	N/A	N/A	0.00038	0.00021	0.00020	0.00040	N/A	N/A
35	0.02060	0.03510	N/A	N/A	0.00054	0.00031	0.00080	0.00100	N/A	N/A
40	0.01810	0.03070	N/A	N/A	0.00077	0.00046	0.00150	0.00160	N/A	N/A
45	0.01550	0.00000	N/A	N/A	0.00110	0.00068	0.00240	0.00230	N/A	N/A
50	0.01290	0.00000	0.05000	0.07000	0.00156	0.00102	0.00370	0.00350	N/A	N/A
55	0.01040	0.00000	0.08000	0.09000	0.00221	0.00151	0.00490	0.00410	N/A	N/A
56	0.00940	0.00000	0.07000	0.08000	0.00237	0.00164	0.00510	0.00410	N/A	N/A
57	0.00930	0.00000	0.08000	0.07000	0.00255	0.00178	0.00530	0.00410	N/A	N/A
58	0.00880	0.00000	0.09000	0.11000	0.00273	0.00192	0.00530	0.00400	N/A	N/A
59	0.00830	0.00000	0.11000	0.10000	0.00293	0.00208	0.00530	0.00390	N/A	N/A
60	0.00780	0.00000	0.19000	0.15000	0.00314	0.00226	0.00540	0.00390	N/A	N/A
61	0.00730	0.00000	0.17000	0.12000	0.00337	0.00244	0.00550	0.00380	N/A	N/A
62	0.00680	0.00000	0.31000	0.25000	0.00362	0.00265	0.00550	0.00370	N/A	N/A
63	0.00630	0.00000	0.26000	0.22000	0.00388	0.00287	0.00550	0.00360	N/A	N/A
64	0.00580	0.00000	0.18000	0.16000	0.00416	0.00310	0.00550	0.00350	N/A	N/A
65	0.00520	0.00000	0.30000	0.30000	0.00447	0.00336	0.00540	0.00330	N/A	N/A

Notes:

¹ Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS (continued)

Public Agency 2% at 50 Police

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.12990	20	0.01870	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00060	
1	0.08160	25	0.01870	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00280	
2	0.03480	30	0.01870	N/A	N/A	0.00038	0.00021	0.00020	0.00010	0.00560	
3	0.03310	35	0.01870	N/A	N/A	0.00054	0.00031	0.00030	0.00013	0.00840	
4	0.03140	40	0.01870	N/A	N/A	0.00077	0.00046	0.00040	0.00017	0.01120	
5	0.01100	45	0.00000	N/A	N/A	0.00110	0.00068	0.00050	0.00020	0.01400	
6	0.01010	50	0.00000	0.01380	0.02530	0.00156	0.00102	0.00080	0.00023	0.01670	
7	0.00920	55	0.00000	0.08990	0.16450	0.00221	0.00151	0.00130	0.00027	0.05810	
8	0.00840	56	0.00000	0.06380	0.11660	0.00237	0.00164	0.00150	0.00027	0.05810	
9	0.00760	57	0.00000	0.07110	0.13000	0.00255	0.00178	0.00160	0.00028	0.05810	
10	0.00680	58	0.00000	0.06280	0.11490	0.00273	0.00192	0.00180	0.00029	0.05810	
15	0.00350	59	0.00000	0.13960	0.17350	0.00293	0.00208	0.00200	0.00029	0.05810	
20	0.00220	60	0.00000	0.13960	0.17190	0.00314	0.00226	0.00200	0.00030	0.05810	
25	0.00150	61	0.00000	0.13960	0.17190	0.00337	0.00244	0.00200	0.00031	0.05810	
30	0.00120	62	0.00000	0.13960	0.17190	0.00362	0.00265	0.00200	0.00031	0.05810	
35	0.00120	63	0.00000	0.13960	0.17190	0.00388	0.00287	0.00200	0.00032	0.05810	
40	0.00120	64	0.00000	0.13960	0.17190	0.00416	0.00310	0.00200	0.00033	0.05810	
45	0.00120	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00200	0.00033	0.05810	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00200	0.00037	0.05810	

Public Agency 2% at 50 Fire

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female	
0	0.09470	20	0.01620	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00020	
1	0.07390	25	0.01620	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00100	
2	0.05310	30	0.01620	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00210	
3	0.03230	35	0.01620	N/A	N/A	0.00054	0.00031	0.00010	0.00013	0.00310	
4	0.02900	40	0.01620	N/A	N/A	0.00077	0.00046	0.00010	0.00017	0.00410	
5	0.00950	45	0.00000	N/A	N/A	0.00110	0.00068	0.00020	0.00020	0.00510	
6	0.00800	50	0.00000	0.00650	0.01010	0.00156	0.00102	0.00050	0.00023	0.00620	
7	0.00660	55	0.00000	0.08680	0.13360	0.00221	0.00151	0.00100	0.00027	0.06010	
8	0.00530	56	0.00000	0.07790	0.12000	0.00237	0.00164	0.00110	0.00027	0.06010	
9	0.00410	57	0.00000	0.09010	0.13870	0.00255	0.00178	0.00130	0.00028	0.06010	
10	0.00290	58	0.00000	0.07900	0.12170	0.00273	0.00192	0.00150	0.00029	0.06010	
15	0.00210	59	0.00000	0.07290	0.11230	0.00293	0.00208	0.00150	0.00029	0.06010	
20	0.00160	60	0.00000	0.11350	0.17470	0.00314	0.00226	0.00150	0.00030	0.06010	
25	0.00100	61	0.00000	0.11360	0.17490	0.00337	0.00244	0.00150	0.00031	0.06010	
30	0.00090	62	0.00000	0.11360	0.17490	0.00362	0.00265	0.00150	0.00031	0.06010	
35	0.00090	63	0.00000	0.11360	0.17490	0.00388	0.00287	0.00150	0.00032	0.06010	
40	0.00090	64	0.00000	0.11360	0.17490	0.00416	0.00310	0.00150	0.00033	0.06010	
45	0.00090	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00150	0.00033	0.06010	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00150	0.00037	0.06010	

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS (continued)

Public Agency 3% at 50 Police

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male and Female
0	0.12990	20	0.01870	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00060
1	0.08160	25	0.01870	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00280
2	0.03480	30	0.01870	N/A	N/A	0.00038	0.00021	0.00020	0.00010	0.00560
3	0.03310	35	0.01870	N/A	N/A	0.00054	0.00031	0.00030	0.00013	0.00840
4	0.03140	40	0.01870	N/A	N/A	0.00077	0.00046	0.00040	0.00017	0.01120
5	0.01100	45	0.00000	N/A	N/A	0.00110	0.00068	0.00050	0.00020	0.01400
6	0.01010	50	0.00000	0.04350	0.12080	0.00156	0.00102	0.00080	0.00023	0.01670
7	0.00920	55	0.00000	0.08980	0.24970	0.00221	0.00151	0.00130	0.00027	0.05810
8	0.00840	56	0.00000	0.06870	0.19100	0.00237	0.00164	0.00150	0.00027	0.05810
9	0.00760	57	0.00000	0.08030	0.22320	0.00255	0.00178	0.00160	0.00028	0.05810
10	0.00680	58	0.00000	0.07910	0.21980	0.00273	0.00192	0.00180	0.00029	0.05810
15	0.00350	59	0.00000	0.08200	0.22790	0.00293	0.00208	0.00200	0.00029	0.05810
20	0.00220	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00200	0.00030	0.05810
25	0.00150	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00200	0.00031	0.05810
30	0.00120	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00200	0.00031	0.05810
35	0.00120	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00200	0.00032	0.05810
40	0.00120	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00200	0.00033	0.05810
45	0.00120	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00200	0.00033	0.05810
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00200	0.00037	0.05810

Public Agency 3% at 50 Fire

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female
0	0.09470	20	0.01620	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00020
1	0.07390	25	0.01620	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00100
2	0.05310	30	0.01620	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00210
3	0.03230	35	0.01620	N/A	N/A	0.00054	0.00031	0.00010	0.00013	0.00310
4	0.02900	40	0.01620	N/A	N/A	0.00077	0.00046	0.00010	0.00017	0.00410
5	0.00950	45	0.00000	N/A	N/A	0.00110	0.00068	0.00020	0.00020	0.00510
6	0.00800	50	0.00000	0.03410	0.06790	0.00156	0.00102	0.00050	0.00023	0.00620
7	0.00660	55	0.00000	0.12650	0.25160	0.00221	0.00151	0.00100	0.00027	0.06010
8	0.00530	56	0.00000	0.12100	0.24070	0.00237	0.00164	0.00110	0.00027	0.06010
9	0.00410	57	0.00000	0.10100	0.20100	0.00255	0.00178	0.00130	0.00028	0.06010
10	0.00290	58	0.00000	0.11840	0.23540	0.00273	0.00192	0.00150	0.00029	0.06010
15	0.00210	59	0.00000	0.10020	0.19930	0.00293	0.00208	0.00150	0.00029	0.06010
20	0.00160	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00150	0.00030	0.06010
25	0.00100	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00150	0.00031	0.06010
30	0.00090	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00150	0.00031	0.06010
35	0.00090	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00150	0.00032	0.06010
40	0.00090	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00150	0.00033	0.06010
45	0.00090	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00150	0.00033	0.06010
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00150	0.00037	0.06010

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS (continued)

Public Agency 3% at 55 Police

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female
0	0.12990	20	0.01870	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00060
1	0.08160	25	0.01870	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00280
2	0.03480	30	0.01870	N/A	N/A	0.00038	0.00021	0.00020	0.00010	0.00560
3	0.03310	35	0.01870	N/A	N/A	0.00054	0.00031	0.00030	0.00013	0.00840
4	0.03140	40	0.01870	N/A	N/A	0.00077	0.00046	0.00040	0.00017	0.01120
5	0.01100	45	0.00000	N/A	N/A	0.00110	0.00068	0.00050	0.00020	0.01400
6	0.01010	50	0.00000	0.01930	0.03970	0.00156	0.00102	0.00080	0.00023	0.01670
7	0.00920	55	0.00000	0.11640	0.23970	0.00221	0.00151	0.00130	0.00027	0.05810
8	0.00840	56	0.00000	0.07560	0.15560	0.00237	0.00164	0.00150	0.00027	0.05810
9	0.00760	57	0.00000	0.05810	0.11960	0.00255	0.00178	0.00160	0.00028	0.05810
10	0.00680	58	0.00000	0.05080	0.10450	0.00273	0.00192	0.00180	0.00029	0.05810
15	0.00350	59	0.00000	0.06250	0.12870	0.00293	0.00208	0.00200	0.00029	0.05810
20	0.00220	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00200	0.00030	0.05810
25	0.00150	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00200	0.00031	0.05810
30	0.00120	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00200	0.00031	0.05810
35	0.00120	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00200	0.00032	0.05810
40	0.00120	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00200	0.00033	0.05810
45	0.00120	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00200	0.00033	0.05810
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00200	0.00037	0.05810

Public Agency 3% at 55 Fire

Probability of an active member leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years ¹	10 Years ¹	25 Years ¹	Male	Female	Male & Female	Male & Female	Male & Female
0	0.09470	20	0.01620	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00020
1	0.07390	25	0.01620	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00100
2	0.05310	30	0.01620	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00210
3	0.03230	35	0.01620	N/A	N/A	0.00054	0.00031	0.00010	0.00013	0.00310
4	0.02900	40	0.01620	N/A	N/A	0.00077	0.00046	0.00010	0.00017	0.00410
5	0.00950	45	0.00000	N/A	N/A	0.00110	0.00068	0.00020	0.00020	0.00510
6	0.00800	50	0.00000	0.00240	0.00550	0.00156	0.00102	0.00050	0.00023	0.00620
7	0.00660	55	0.00000	0.09150	0.21090	0.00221	0.00151	0.00100	0.00027	0.06010
8	0.00530	56	0.00000	0.08110	0.18680	0.00237	0.00164	0.00110	0.00027	0.06010
9	0.00410	57	0.00000	0.09960	0.22950	0.00255	0.00178	0.00130	0.00028	0.06010
10	0.00290	58	0.00000	0.08140	0.18740	0.00273	0.00192	0.00150	0.00029	0.06010
15	0.00210	59	0.00000	0.07750	0.17840	0.00293	0.00208	0.00150	0.00029	0.06010
20	0.00160	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00150	0.00030	0.06010
25	0.00100	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00150	0.00031	0.06010
30	0.00090	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00150	0.00031	0.06010
35	0.00090	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00150	0.00032	0.06010
40	0.00090	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00150	0.00033	0.06010
45	0.00090	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00150	0.00033	0.06010
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00150	0.00037	0.06010

Notes:

¹ Years of service.

² Age for Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

EXHIBIT D – SAMPLE NON-ECONOMIC ASSUMPTIONS (continued)

Post-Retirement Mortality

Rates vary by age and sex. These rates are used for all plans.

Age	Healthy Recipients		Non-Industrially Disabled (Not Job Related)		Industrially Disabled (Job Related)	
	Male	Female	Male	Female	Male	Female
50	0.00245	0.00136	0.01459	0.01129	0.00546	0.00388
55	0.00429	0.00253	0.02115	0.01481	0.00616	0.00568
60	0.00721	0.00442	0.02870	0.01884	0.01016	0.00818
65	0.01302	0.00795	0.03617	0.02356	0.01853	0.01214
70	0.02135	0.01276	0.04673	0.03020	0.03369	0.01760
75	0.03716	0.02156	0.06552	0.04298	0.05768	0.02774
80	0.06256	0.03883	0.09481	0.06514	0.08670	0.04690
85	0.10195	0.07219	0.14041	0.10269	0.13032	0.08262
90	0.17379	0.12592	0.20793	0.16189	0.19588	0.13984
95	0.25917	0.21773	0.30792	0.25522	0.29444	0.23566
100	0.34724	0.32036	0.45599	0.40236	0.44259	0.35341

EXHIBIT E – SINGLE LIFE RETIREMENT VALUES

Present value of \$1 monthly increasing 2 percent annually after two-year waiting period

Interest Rate of 7.75 Percent

Sample Attained Ages	Service Retirement		Non-Industrial Disability Retirement		Industrial Disability Retirement	
	Male	Female	Male	Female	Male	Female
50	165.521	174.244	135.257	148.232	156.682	166.398
51	163.311	172.352	132.953	146.352	154.435	164.484
52	161.021	170.384	130.637	144.446	152.085	162.506
53	158.664	168.337	128.319	142.512	149.611	160.464
54	156.230	166.208	126.006	140.549	146.993	158.356
55	153.703	164.000	123.703	138.553	144.226	156.181
56	151.085	161.713	121.416	136.518	141.307	153.938
57	148.364	159.337	119.141	134.443	138.256	151.619
58	145.535	156.891	116.876	132.324	135.100	149.237
59	142.621	154.371	114.613	130.160	131.863	146.791
60	139.644	151.743	112.340	127.948	128.556	144.253
61	136.587	149.026	110.048	125.686	125.179	141.636
62	133.534	146.224	107.726	123.367	121.743	138.943
63	130.430	143.324	105.363	120.987	118.253	136.163
64	127.215	140.356	102.950	118.538	114.716	133.314
65	123.939	137.321	100.479	116.014	111.144	130.397
70	106.509	121.097	87.219	102.144	93.361	114.726
75	88.409	102.761	72.937	86.467	76.557	97.060
80	70.189	82.996	58.900	70.227	61.616	78.251
85	53.609	63.697	45.752	54.499	47.825	59.984
90	39.105	46.331	34.182	40.363	35.636	43.609
95	29.196	32.701	24.408	28.311	25.324	30.547
100	21.418	22.847	16.466	18.558	16.958	20.932

EXHIBIT F – HISTORY OF MEMBER SALARY DATA

Valuation Date	Number of Active Members	Annual Covered Payroll (In Millions)	Average Annual Salary	% Increase In Average Pay
6/30/97	584,735	\$21,712	\$37,131	2.4%
6/30/98	620,643	22,174	35,727	(3.8)
6/30/99	668,700	25,324	37,870	6.0
6/30/00	707,585	28,098	39,709	4.9
6/30/01	738,959	30,802	41,683	5.0
6/30/02	766,824	32,873	42,869	2.8
6/30/03	778,203	34,784	44,697	4.3
6/30/04	760,498	35,078	46,126	3.2
6/30/05	756,234	36,045	47,664	3.3
6/30/06	767,127	38,047	49,597	4.0

EXHIBIT G – MEMBERS IN VALUATION

By Attained Age & Years of Service – June 30, 2006

State Miscellaneous First Tier

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	1,272	19	0	0	0	0	1,291	\$34,281,090
25-29	4,765	1,405	18	0	0	0	6,188	229,099,023
30-34	5,148	4,640	437	30	0	0	10,255	470,565,434
35-39	5,486	6,396	2,281	987	30	0	15,180	772,941,748
40-44	4,999	6,481	3,126	4,168	1,085	0	19,859	1,072,140,719
45-49	4,615	6,595	3,336	5,259	5,578	116	25,499	1,408,954,810
50-54	4,026	5,764	3,132	5,305	8,377	2,063	28,667	1,641,758,792
55-59	2,934	4,083	2,496	4,163	6,546	3,519	23,741	1,413,193,083
60-64	1,370	2,030	1,272	1,889	2,644	1,782	10,987	662,996,213
65 & Up	647	849	474	653	763	485	3,871	225,983,551
Total	35,262	38,262	16,572	22,454	25,023	7,965	145,538	\$7,931,914,463

State Miscellaneous Second Tier

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	10	0	0	0	0	0	10	\$262,448
25-29	48	145	0	0	0	0	193	7,314,317
30-34	76	587	146	4	0	0	813	35,118,591
35-39	71	748	573	149	1	0	1,542	69,186,968
40-44	62	687	656	405	79	0	1,889	87,014,983
45-49	69	616	554	409	307	6	1,961	90,861,406
50-54	58	462	423	355	324	89	1,711	81,618,345
55-59	32	304	308	231	195	158	1,228	59,454,222
60-64	31	151	135	96	80	80	573	26,971,928
65 & Up	33	79	61	37	20	30	260	11,781,215
Total	490	3,779	2,856	1,686	1,006	363	10,180	\$469,584,423

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

EXHIBIT G – MEMBERS IN VALUATION (continued)

By Attained Age & Years of Service – June 30, 2006

State Industrial First & Second Tier

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	72	2	0	0	0	0	74	\$2,105,036
25-29	288	100	2	0	0	0	390	12,688,613
30-34	311	314	41	2	0	0	668	24,517,904
35-39	408	425	179	58	1	0	1,071	43,145,449
40-44	422	469	245	161	39	0	1,336	57,567,873
45-49	421	500	289	225	107	0	1,542	68,645,434
50-54	308	427	255	256	149	11	1,406	65,874,959
55-59	231	331	192	180	104	14	1,052	49,939,534
60-64	91	139	137	87	41	6	501	23,554,532
65 & Up	30	60	54	24	6	6	180	9,424,066
Total	2,582	2,767	1,394	993	447	37	8,220	\$357,463,400

State Safety

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	283	0	0	0	0	0	283	\$9,710,223
25-29	832	60	0	0	0	0	892	35,946,790
30-34	1,124	260	11	0	0	0	1,395	66,023,982
35-39	1,328	527	142	12	0	0	2,009	103,457,986
40-44	1,486	688	296	115	7	0	2,592	138,770,279
45-49	1,640	946	483	302	75	0	3,446	194,199,921
50-54	1,552	1,232	547	458	161	7	3,957	236,834,329
55-59	1,222	909	497	379	145	10	3,162	196,473,924
60-64	555	525	303	189	77	5	1,654	109,243,407
65 & Up	224	262	150	85	36	2	759	59,105,598
Total	10,246	5,409	2,429	1,540	501	24	20,149	\$1,149,766,439

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

EXHIBIT G – MEMBERS IN VALUATION (continued)

By Attained Age & Years of Service – June 30, 2006

California Highway Patrol

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	52	0	0	0	0	0	52	\$3,094,044
25-29	398	215	0	0	0	0	613	41,162,368
30-34	429	710	204	0	0	0	1,343	95,125,070
35-39	231	610	553	174	2	0	1,570	114,847,198
40-44	10	96	359	604	182	0	1,251	97,831,098
45-49	1	1	94	294	748	1	1,139	96,014,155
50-54	1	2	46	50	572	9	680	58,427,951
55-59	1	0	11	5	125	28	170	14,855,665
60-64	0	0	0	1	4	1	6	474,317
65 & Up	0	0	0	0	0	0	0	0
Total	1,123	1,634	1,267	1,128	1,633	39	6,824	\$521,831,866

State Peace Officer/Firefighter

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	1,062	1	0	0	0	0	1,063	\$35,278,783
25-29	3,203	650	0	0	0	0	3,853	195,819,276
30-34	2,652	2,664	485	2	0	0	5,803	352,732,456
35-39	1,899	2,592	2,306	415	2	0	7,214	479,097,903
40-44	1,354	1,689	1,983	2,174	685	0	7,885	555,173,677
45-49	838	1,187	1,440	2,057	2,037	0	7,559	557,382,558
50-54	492	723	903	1,315	1,719	119	5,271	402,253,463
55-59	220	369	471	740	821	95	2,716	207,321,053
60-64	66	134	173	308	225	23	929	69,535,205
65 & Up	10	18	36	70	45	5	184	13,666,547
Total	11,796	10,027	7,797	7,081	5,534	242	42,477	\$2,868,260,921

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

EXHIBIT G – MEMBERS IN VALUATION (continued)

By Attained Age & Years of Service – June 30, 2006

Schools

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	9,069	62	0	0	0	0	9,131	\$151,498,964
25-29	16,251	2,976	20	0	0	0	19,247	479,551,713
30-34	13,280	7,215	1,015	14	0	0	21,524	648,805,600
35-39	14,070	8,349	3,067	970	25	0	26,481	842,810,832
40-44	18,326	10,420	4,430	3,096	1,180	0	37,452	1,211,580,008
45-49	18,361	13,853	6,237	4,487	3,892	34	46,864	1,606,008,023
50-54	14,720	13,910	8,319	6,187	5,782	1,008	49,926	1,793,432,176
55-59	9,341	9,810	7,415	6,521	5,785	1,588	40,460	1,517,817,237
60-64	4,202	4,662	3,637	3,566	3,625	840	20,532	760,427,958
65 & Up	1,992	1,924	1,371	1,162	1,221	318	7,988	256,662,334
Total	119,612	73,181	35,511	26,003	21,510	3,788	279,605	\$9,268,594,845

Public Agency Miscellaneous

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	6,212	62	0	0	0	0	6,274	\$193,053,518
25-29	12,516	2,312	26	0	0	0	14,854	106,268,187
30-34	11,721	6,150	871	29	0	0	18,771	917,647,535
35-39	11,162	7,764	2,847	1,357	71	0	23,201	1,250,870,832
40-44	10,651	8,058	4,117	4,367	1,333	96	28,622	1,626,750,286
45-49	10,055	8,630	4,812	5,938	3,351	1,638	34,424	2,048,103,701
50-54	8,324	7,507	4,579	5,858	4,021	4,001	34,290	2,108,471,462
55-59	5,773	5,818	3,525	4,440	3,011	4,108	26,675	1,662,308,366
60-64	2,661	2,858	1,767	2,196	1,284	1,774	12,540	934,768,540
65 & Up	1,113	1,105	655	706	400	541	4,520	237,176,194
Total	80,188	50,264	23,199	24,891	13,471	12,158	204,171	\$11,085,418,621

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

EXHIBIT G – MEMBERS IN VALUATION (continued)

By Attained Age & Years of Service – June 30, 2006

Public Agency Safety

Attained Age	Distribution of Active Members by Age & Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	1,766	8	0	0	0	0	1,774	\$70,017,778
25-29	5,272	941	6	0	0	0	6,219	360,226,007
30-34	4,167	3,694	623	3	0	0	8,487	588,714,446
35-39	2,624	3,462	2,619	1,016	6	0	9,727	748,112,587
40-44	1,165	1,701	1,915	3,177	1,000	15	8,973	765,407,760
45-49	574	898	913	1,981	2,260	1,235	7,861	716,332,563
50-54	309	430	398	799	980	1,842	4,758	446,167,244
55-59	144	187	167	271	285	670	1,724	152,539,240
60-64	41	58	41	65	49	110	364	29,988,544
65 & Up	10	16	12	15	6	17	76	5,651,526
Total	16,072	11,395	6,694	7,327	4,586	3,889	49,963	\$3,883,157,695

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

EXHIBIT H – SCHEDULE OF RETIREES & BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances	Average Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
PERF								
6/30/03	26,901	\$777,170,000	13,892	\$183,532,000	396,151	\$7,232,218,000	8.9%	\$18,256
6/30/04	31,407	945,374,000	14,586	199,427,000	412,972	7,978,465,000	10.3	19,320
6/30/05	33,761	865,883,000	15,482	221,581,000	431,161	8,867,359,000	11.1	20,566
6/30/06	32,166	842,092,000	15,643	230,973,000	447,684	9,590,857,000	8.2	21,423
JRF								
6/30/03	103	\$10,266,000	53	\$4,054,000	1,523	\$116,242,000	5.6%	\$76,325
6/30/04	98	7,262,000	64	4,743,000	1,557	121,941,000	4.9	78,267
6/30/05	122	9,586,000	73	5,973,000	1,606	130,712,000	7.2	81,390
6/30/06	109	8,207,000	55	4,358,000	1,660	140,796,000	7.7	84,817
JRF II								
6/30/03	3	\$279,000	—	\$ —	3	\$279,000	N/A	\$93,000
6/30/04	3	223,000	—	—	6	647,000	131.9%	107,833
6/30/05	3	314,000	—	—	9	961,000	48.5	106,778
6/30/06	6	549,000	2	276,000	13	1,226,000	27.6	94,308
LRF								
6/30/03	11	\$608,000	10	\$199,000	264	\$7,076,000	6.1%	\$26,804
6/30/04	11	502,000	13	433,000	262	7,146,000	1.0	27,274
6/30/05	13	416,000	9	290,000	266	7,534,000	5.4	28,323
6/30/06	12	192,000	15	421,000	263	7,464,000	0.2	28,380

Note:

These total counts and allowances are for service, disability, and industrial retirement, special death, 1957 Survivor, Pre-Retirement Option 2, and 1959 Survivor beneficiaries and non-members. This information was reviewed by the CalPERS Actuarial staff and appears to be reasonable.

ACTUARIAL CERTIFICATIONS — OTHER SYSTEMS

Judges' Retirement System

May 2007

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System; the latest such valuation is as of June 30, 2006.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System, as of June 30, 2006. Based on the employee data provided by the CalPERS Judges', Legislators', and Volunteer Firefighters' Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods, as prescribed by the CalPERS Board of Administration, are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

Gale D. Patrick, F.S.A., M.A.A.A.
Enrolled Actuary
Senior Pension Actuary, CalPERS

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

Judges' Retirement System II

April 2007

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System II; the latest such valuation is as of June 30, 2006.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System II, as of June 30, 2006. Based on the employee data provided by the Judges' Retirement System administrative staff at CalPERS, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

May Shuang Yu, A.S.A., M.A.A.A.
Senior Pension Actuary, CalPERS

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

ACTUARIAL CERTIFICATIONS — OTHER SYSTEMS (continued)

Legislators' Retirement System

April 2007

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Legislators' Retirement System; the latest such valuation is as of June 30, 2006.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Legislators' Retirement System. Based on the employee data provided by the CalPERS Judges', Legislators', and Volunteer Firefighters' Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits plans as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

David Clement, A.S.A., E.A., M.A.A.A.
Associate Pension Actuary, CalPERS

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

Volunteer Firefighters' Length of Service Award System

April 2007

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Volunteer Firefighters' Length of Service Award System; the latest such valuation is as of June 30, 2006.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose fully and fairly the funded condition of the Volunteer Firefighters' Length of Service Award System (VFLSAS). Based on the participant and expense data provided by the Manager of the Volunteer Firefighters' System, the statement of assets provided by the CalPERS Fiscal Services Division, and the provisions of the system as outlined in Exhibit 7, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

Barbara J. Ware, F.S.A., E.A., M.A.A.A.
Senior Pension Actuary, CalPERS

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

The actuarial report and supporting documents for the Judges' Retirement System, Judges' Retirement System II, Legislators' Retirement System, and the Volunteer Firefighters' Length of Service Award System can be obtained through the CalPERS Actuarial and Employer Services Division, P.O. Box 942709, Sacramento, CA 94229-2709.

STATISTICAL SECTION RETIREMENT PROGRAMS

SOLID FUTURE More than seven decades after the inception of CalPERS, leadership and staff continue to broaden the System's reach and services. The System is on a path to becoming an integrated full-service provider for financial- and health-related products and services for its members and employers.

By remaining true to its guiding principles, CalPERS is on a steady, successful course its founders established 75 years ago. CalPERS solid history will continue to be the foundation for building a secure future.

Left: CSEA benefits rally, 1991. Right: An excerpt from a New York Times article, 1996. Background: Lincoln Plaza Expansion, 2005.

1990-2007

Return on Investment Rises 20% for Calpers

SACRAMENTO, June 18 (AP) — The California Public Employees' Retirement System reported today that it had a 20.1 percent return on investments in the year that ended on March 31, up from an 8 percent return a year earlier.

Calpers is one of the largest institutional investors in the world. It manages assets of \$99.6 billion, providing retirement and health bene-

was helped by an asset allocation policy adopted in December 1994.

The policy calls for a three-year shift of fund assets into the higher-returning equity markets. The one-year Calpers return on total equity investments yielded 26.8 percent.

"The Calpers fund has more than doubled over the last 10 years due to continued top performance," said Charles Valdes, the Calpers invest-



EXPENSES BY TYPE — RETIREMENT PROGRAMS

10-Year Review

	Benefit Payments	Contribution Refunds	Administrative Expenses ¹	Total
PERF				
2006/07	\$10,070,554,756	\$181,574,063	\$278,453,496	\$10,530,582,315
2005/06	9,236,073,498	170,929,432	250,251,822	9,657,254,752
2004/05	8,434,118,614	155,236,438	208,965,422	8,798,320,474
2003/04	7,639,085,017	151,526,342	188,361,466	7,978,972,825
2002/03	6,991,913,800	114,024,930	214,274,159	7,320,212,889
2001/02	6,431,019,116	103,385,701	208,687,613	6,743,092,430
2000/01	5,792,948,968	128,865,380	183,865,981	6,105,680,329
1999/00	5,176,073,695	140,644,318	175,050,565	5,491,768,578
1998/99	4,776,869,300	160,841,290	145,814,177	5,083,524,767
1997/98	4,425,923,411	160,964,495	128,583,553	4,715,471,459
LRF				
2006/07	\$7,666,423	\$91,859	\$322,568	\$8,080,850
2005/06	7,313,656	823,190	294,578	8,431,424
2004/05	7,791,569	979,315	318,547	9,089,431
2003/04	7,051,153	214,184	280,835	7,546,172
2002/03	6,851,580	247,755	220,020	7,319,355
2001/02	6,716,646	—	244,854	6,961,500
2000/01	6,782,467	169,520	234,926	7,186,913
1999/00	6,630,188	163,535	206,000	6,999,723
1998/99	6,855,856	175,155	203,580	7,234,591
1997/98	6,280,344	49,569	203,601	6,533,514
JRF				
2006/07	\$151,058,884	\$ —	\$701,378	\$151,760,262
2005/06	133,587,831	323,254	171,406	134,082,491
2004/05	126,608,787	88,239	1,061,257	127,758,283
2003/04	121,603,708	238,097	719,312	122,561,117
2002/03	113,937,606	82,530	506,224	114,526,360
2001/02	109,543,399	—	391,760	109,935,159
2000/01	99,423,624	—	379,818	99,803,442
1999/00	90,170,743	—	360,000	90,530,743
1998/99	82,503,531	49,456	354,000	82,906,987
1997/98	77,203,643	64,610	355,600	77,623,853

Note:

¹ Excludes investment advisor fees; includes other expenses.

EXPENSES BY TYPE — RETIREMENT PROGRAMS (continued)

10-Year Review

	Benefit Payments	Contribution Refunds	Administrative Expenses ¹	Total
JRF II				
2006/07	\$1,004,875	\$980,602	\$451,270	\$2,436,747
2005/06	859,449	750,206	406,157	2,015,812
2004/05	903,641	339,940	425,157	1,668,738
2003/04	584,375	203,219	414,258	1,201,852
2002/03	307,365	891,986	320,226	1,519,577
2001/02	117,545	91,536	289,622	498,703
2000/01	142,234	34,369	283,767	460,370
1999/00	225,607	22,198	175,213	423,018
1998/99	192,697	—	172,000	364,697
1997/98	205,880	—	—	205,880
VFF				
2006/07	\$119,635	\$ —	\$115,578	\$235,213
2005/06	102,550	—	105,398	207,948
2004/05	82,265	—	100,144	182,409
2003/04	58,630	—	168,997	227,627
2002/03	76,883	—	116,379	193,262
2001/02	66,413	—	78,592	145,005
2000/01	55,785	—	76,218	132,003
1999/00	41,438	—	75,000	116,438
1998/99	27,015	—	10,000	37,015
1997/98	26,445	—	10,000	36,445
SPOFF				
2006/07	\$10,827,742	\$ —	\$ —	\$10,827,742
2005/06	6,578,589	—	—	6,578,589
2004/05	5,352,708	—	—	5,352,708
2003/04	4,350,947	—	—	4,350,947
2002/03	4,084,127	—	—	4,084,127
2001/02	3,361,147	—	—	3,361,147
2000/01	1,879,169	—	—	1,879,169
1999/00	—	—	—	—
1998/99	—	—	—	—

Note:

¹ Excludes investment advisor fees.

REVENUES BY SOURCE — RETIREMENT PROGRAMS

10-Year Review

	Member Contributions	Employer Contributions	Investment Income	Miscellaneous Income	Total
PERF					
2006/07	\$3,262,699,076	\$6,442,383,868	\$40,748,261,708	\$9,118,984	\$50,462,463,636
2005/06	3,080,878,521	6,095,029,424	22,041,265,666	—	31,217,173,611
2004/05	3,176,780,369	5,774,120,281	21,893,728,292	473,234	30,845,102,176
2003/04	2,266,445,429	4,261,347,422	24,265,850,297	6,722,984	30,800,366,132
2002/03	1,887,925,497	1,925,043,858	5,474,083,608	8,647,960	9,295,700,923
2001/02	2,154,742,532	800,964,553	(9,704,478,936)	4,686,138	(6,744,085,713)
2000/01	1,766,256,113	321,618,826	(12,255,822,322)	7,480,923	(10,160,466,460)
1999/00	1,751,290,172	362,614,344	16,579,088,181	3,569,729	18,696,562,426
1998/99	1,522,507,527	1,598,316,666	17,621,490,197	1,036,725	20,743,351,115
1997/98	1,443,232,566	2,289,526,403	23,515,372,967	3,531,902	27,251,663,838
LRF					
2006/07	\$128,548	\$ —	\$16,529,733	\$ —	\$16,658,281
2005/06	160,343	—	3,808,413	—	3,968,756
2004/05	19,687	—	12,575,845	504	12,596,036
2003/04	55,639	—	11,094,703	—	11,150,342
2002/03	21,946	—	10,274,104	—	10,296,050
2001/02	14,161	—	(3,781,146)	—	(3,766,985)
2000/01	33,461	—	280,786	—	314,247
1999/00	178,860	339,351	9,788,721	—	10,306,932
1998/99	290,360	661,086	14,141,442	—	15,092,888
1997/98	312,546	674,777	22,924,284	58,708	23,970,315
JRF					
2006/07	\$10,397,656	\$131,371,947	\$1,186,370	\$2,590,659	\$145,546,632
2005/06	10,314,771	120,576,080	959,163	2,874,216	134,724,230
2004/05	10,417,159	127,077,837	233,433	2,663,340	140,391,769
2003/04	11,262,935	107,317,942	58,874	4,020,398	122,660,149
2002/03	11,109,214	98,584,637	11,722	4,337,501	114,043,074
2001/02	11,713,777	65,319,883	1,002,742	4,521,326	82,557,728
2000/01	11,377,068	91,019,008	3,754,582	4,509,380	110,660,038
1999/00	11,251,836	74,079,308	2,513,315	4,354,631	92,199,090
1998/99	11,098,731	84,352,990	1,776,583	4,121,354	101,349,658
1997/98	11,189,380	56,215,389	995,548	4,484,772	72,885,089

REVENUES BY SOURCE — RETIREMENT PROGRAMS (continued)

10-Year Review

	Member Contributions	Employer Contributions	Investment Income	Miscellaneous Income	Total
JRF II					
2006/07	\$11,694,132	\$27,062,441	\$35,426,481	\$ —	\$74,183,054
2005/06	9,584,229	24,069,471	15,473,801	—	49,127,501
2004/05	8,217,015	21,195,508	14,815,759	—	44,228,282
2003/04	8,131,412	18,239,777	13,431,593	—	39,802,782
2002/03	6,717,482	15,322,632	4,803,138	—	26,843,252
2001/02	5,290,599	12,487,052	(3,870,979)	—	13,906,672
2000/01	4,196,862	9,754,298	(2,863,230)	—	11,087,930
1999/00	3,209,544	7,460,518	2,734,601	—	13,404,663
1998/99	2,733,245	7,354,353	2,393,724	—	12,481,322
1997/98	1,948,588	5,455,217	1,803,800	—	9,207,605
VFF					
2006/07	\$ —	\$328,732	\$470,287	\$ —	\$799,019
2005/06	—	307,527	283,854	—	591,381
2004/05	—	211,043	241,436	—	452,479
2003/04	—	223,225	251,913	—	475,138
2002/03	—	497,076	106,257	—	603,333
2001/02	—	93,889	(200,067)	—	(106,178)
2000/01	—	193,530	(110,985)	—	82,545
1999/00	—	202,395	130,123	—	332,518
1998/99	—	50,916	257,919	—	308,835
1997/98	—	166,708	323,592	—	490,300
SPOFF					
2006/07	\$ —	\$48,948,255	\$37,812,916	\$ —	\$86,761,171
2005/06	—	8,932,917	16,516,723	—	25,449,640
2004/05	—	41,406,166	15,284,243	—	56,690,409
2003/04	—	40,894,189	17,971,153	—	58,865,342
2002/03	—	35,047,115	5,069,041	—	40,116,156
2001/02	—	34,171,776	(7,286,207)	—	26,885,569
2000/01	—	33,236,879	(4,457,441)	—	28,779,438
1999/00	—	30,011,229	2,205,566	—	32,216,795
1998/99	—	15,518,376	529,477	—	16,047,853

CHANGES IN NET ASSETS — RETIREMENT PROGRAMS

10-Year Review

(Dollars in Thousands)

	Additions	Deductions	Net Change	Net Assets	
				Beginning of Year	End of Year
PERF					
2006/07	\$50,462,463	\$10,530,582	\$39,931,881	\$211,190,801	\$251,122,682
2005/06	31,217,173	9,657,253	21,559,920	189,630,881	211,190,801
2004/05	30,845,102	8,798,320	22,046,782	167,584,099	189,630,881
2003/04	30,800,365	7,978,972	22,821,393	144,762,706	167,584,099
2002/03	9,295,701	7,320,213	1,975,488	142,787,218	144,762,706
2001/02	(6,744,086)	6,743,093	(13,487,179)	156,274,397	142,787,218
2000/01	(10,160,466)	6,105,681	(16,266,147)	172,540,544	156,274,397
1999/00	18,696,562	5,513,803	13,182,759	159,357,785	172,540,544
1998/99	20,743,350	5,083,524	15,659,826	143,697,959	159,357,785
1997/98	27,251,663	4,715,472	22,536,191	121,161,768	143,697,959
LRF					
2006/07	\$16,659	\$8,081	\$8,578	\$133,631	\$142,209
2005/06	3,968	8,432	(4,464)	138,095	133,631
2004/05	12,596	9,089	3,507	134,588	138,095
2003/04	11,150	7,546	3,604	130,984	134,588
2002/03	10,296	7,319	2,977	128,007	130,984
2001/02	(3,767)	6,962	(10,729)	138,736	128,007
2000/01	314	7,186	(6,872)	145,608	138,736
1999/00	10,307	7,000	3,307	142,301	145,608
1998/99	15,093	7,234	7,859	134,442	142,301
1997/98	23,970	6,460	17,510	116,932	134,442
JRF					
2006/07	\$145,547	\$151,760	(\$6,213)	\$17,886	\$11,673
2005/06	134,724	134,082	642	17,244	17,886
2004/05	140,392	127,758	12,634	4,610	17,244
2003/04	122,659	122,561	98	4,512	4,610
2002/03	114,043	114,526	(483)	4,995	4,512
2001/02	82,558	109,935	(27,377)	32,372	4,995
2000/01	110,660	99,804	10,856	21,516	32,372
1999/00	92,199	90,531	1,668	19,848	21,516
1998/99	101,351	82,907	18,444	1,404	19,848
1997/98	72,885	77,624	(4,739)	6,143	1,404

CHANGES IN NET ASSETS — RETIREMENT PROGRAMS (continued)

10-Year Review

(Dollars in Thousands)

	Additions	Deductions	Net Change	Net Assets	
				Beginning of Year	End of Year
JRF II					
2006/07	\$74,183	\$2,437	\$71,746	\$218,986	\$290,732
2005/06	49,127	2,015	47,112	171,874	218,986
2004/05	44,228	1,669	42,559	129,315	171,874
2003/04	39,802	1,201	38,601	90,714	129,315
2002/03	26,843	1,519	25,324	65,390	90,714
2001/02	13,907	499	13,408	51,982	65,390
2000/01	11,088	460	10,628	41,354	51,982
1999/00	13,404	423	12,981	28,373	41,354
1998/99	12,481	365	12,116	16,257	28,373
1997/98	9,208	193	9,015	7,242	16,257
VFF					
2006/07	\$798	\$236	\$562	\$3,434	\$3,996
2005/06	592	208	384	3,050	3,434
2004/05	452	182	270	2,780	3,050
2003/04	475	228	247	2,533	2,780
2002/03	603	193	410	2,123	2,533
2001/02	(106)	145	(251)	2,374	2,123
2000/01	83	132	(49)	2,423	2,374
1999/00	333	117	216	2,207	2,423
1998/99	308	37	271	1,936	2,207
1997/98	491	37	454	1,482	1,936
SPOFF					
2006/07	\$86,761	\$10,828	\$75,933	\$259,445	\$335,378
2005/06	25,450	6,578	18,872	240,573	259,445
2004/05	56,691	5,353	51,338	189,235	240,573
2003/04	58,865	4,351	54,514	134,721	189,235
2002/03	40,116	4,084	36,032	98,689	134,721
2001/02	26,885	3,361	23,524	75,165	98,689
2000/01	29,166	2,266	26,900	48,265	75,165
1999/00	32,431	214	32,217	16,048	48,265
1998/99	16,048	—	16,048	—	16,048

MEMBERSHIP & RETIREMENT DATA — RETIREMENT PROGRAMS

10-Year Review

Public Employees' Retirement System

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Active & Inactive Members										
State Members										
Miscellaneous	219,101	214,721	219,919	227,096	231,693	227,522	219,095	208,227	196,811	190,901
University of California	103	111	127	92	244	258	281	347	420	485
Industrial	10,815	11,695	11,032	10,067	11,000	10,997	11,390	10,960	9,970	10,350
ARP	16,608	13,955	—	—	—	—	—	—	—	—
Highway Patrol	6,987	6,968 ¹	11,359	10,236	11,959	11,754	6,668	6,542	6,529	6,491
Safety	26,099	23,129	21,750	16,714	17,782	17,478	16,390	15,521	15,183	13,754
Peace Officer/Firefighter	48,722	46,605	46,485	44,740	46,599	45,801	42,950	40,675	39,790	38,454
Total State Members	328,435	317,184	310,672	308,945	319,277	313,810	296,774	282,272	268,703	260,435
Public Agency Members										
Schools	409,675	394,911	380,374	372,614	373,171	358,837	337,160	316,862	295,421	274,826
Cities	171,546	166,192	161,515	158,884	160,155	154,871	144,557	136,705	131,593	127,570
Counties	95,177	92,013	88,717	87,468	89,838	87,887	80,743	74,921	70,442	66,067
Districts & Other Public Agencies	82,067	78,595	75,704	73,616	71,919	66,772	57,398	53,021	50,353	48,245
Total Public Agency Members	758,465	731,711	706,310	692,582	695,083	688,367	619,858	581,509	547,809	516,708
Total Active & Inactive Members	1,086,900	1,048,895	1,016,982	1,001,527	1,014,360	982,177	916,632	863,781	816,512	777,143
Benefit Recipients										
Service Retirement	380,162	367,737	353,212	341,348	326,163	313,762	303,427	292,402	282,771	273,934
Disability Retirement	42,965	42,383	41,857	42,064	41,808	41,036	40,207	38,925	37,389	35,754
Industrial Disability Retirement	32,081	31,157	30,025	29,320	28,180	26,948	25,644	24,363	23,181	21,934
Industrial Death	1,013	995	972	958	946	931	928	914	890	849
1957 Survivor Benefit	3,164	3,074	2,960	2,881	2,802	2,714	2,625	2,568	2,520	2,482
1959 Survivor Benefit	2,985	2,295	2,875	2,880	2,841	2,735	2,709	2,656	2,491	2,463
Total Benefit Recipients	462,370²	448,271²	431,901²	419,451	402,740	388,126	375,540	361,828	349,242	337,416
Total Members	1,549,270	1,497,166	1,448,883	1,420,978	1,417,100	1,370,303	1,292,172	1,225,609	1,165,754	1,114,559

Legislators' Retirement System

Active & Inactive Members										
Members of the Legislature	23	27	28	35	38	47	48	58	62	72
Constitutional Officers	19	15	15	18	18	15	16	18	16	14
Legislative Statutory Officers	4	4	4	4	4	4	4	4	4	4
Total Active & Inactive Members	46	46	47	57	60	66	68	80	82	90
Benefit Recipients										
Members of the Legislature										
Service Retirement	228	227	228	221	219	219	223	213	211	212
Disability Retirement	11	6	6	7	7	7	8	9	9	9
Pre-Retirement Option 2	—	—	—	—	2	2	2	2	2	2
Total Members of the Legislature	239	233	234	228	228	228	233	224	222	223
Constitutional Officers										
Service Retirement	22	22	23	25	26	25	29	31	32	32
Disability Retirement	1	1	1	1	1	1	1	1	1	1
Pre-Retirement Option 2	2	2	2	2	2	2	2	2	2	3
Total Constitutional Officers	25	25	26	28	29	28	32	34	35	36
Legislative Statutory Officers										
Service Retirement	5	5	6	6	7	7	7	7	7	7
Disability Retirement	—	—	—	—	—	—	—	—	—	—
Pre-Retirement Option 2	—	—	—	—	—	—	—	—	—	—
Total Legislative Statutory Officers	5	5	6	6	7	7	7	7	7	7
Total Benefit Recipients	269	263	266	262	264	263	272	265	264	266
Total Members	315	309	313	319	324	329	340	345	346	356

MEMBERSHIP & RETIREMENT DATA — RETIREMENT PROGRAMS (continued)

10-Year Review

Judges' Retirement System

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Active & Inactive Members										
Active Judges & Deferred										
Retirement Judges	756	825	917	983	1,039	1,125	1,164	1,241	1,294	1,352
Total Active & Inactive Members	756	825	917	983	1,039	1,125	1,164	1,241	1,294	1,352
Benefit Recipients										
Service Retirement	610	607	612	610	609	601	598	576	565	284
Disability Retirement	52	50	48	48	51	52	55	57	58	54
Deferred Retirement	611	618	673	672	667	654	650	645	633	616
Optional Settlement Benefit	352	306	196	154	120	92	70	53	47	34
Pre-Retirement Survivor	77	79	77	74	76	77	76	78	79	78
Total Benefit Recipients	1,702	1,660	1,606	1,558	1,523	1,476	1,449	1,409	1,382	1,066
Total Members	2,458	2,485	2,523	2,541	2,562	2,601	2,613	2,650	2,676	2,418

Judges' Retirement System II

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Active & Inactive Members										
Active Judges										
Active Judges	915	831	748	690	624	531	462	353	334	278
Total Active & Inactive Members	915	831	748	690	624	531	462	353	334	278
Benefit Recipients										
Service Retirement	4	1	1	2	—	—	—	—	—	—
Disability Retirement	3	2	1	—	—	—	—	—	—	—
Optional Settlement Benefit	—	3	—	—	—	—	—	—	—	—
Pre-Retirement Survivor	4	7	7	4	3	1	1	2	2	—
Total Benefit Recipients	11	13	9	6	3	1	1	2	2	—
Total Members	926	844	757	696	627	532	463	355	336	278

Volunteer Firefighters' Length of System Award System

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Active & Inactive Members										
Active & Inactive Firefighters										
Active & Inactive Firefighters	4,067	4,173	3,549	3,553	3,483	3,151	3,149	2,907	2,140	2,144
Total Active & Inactive Members	4,067	4,173	3,549	3,553	3,483	3,151	3,149	2,907	2,140	2,144
Benefit Recipients										
Firefighters Receiving Awards										
Firefighters Receiving Awards	152	128	117	80	70	59	55	37	26	23
Total Benefit Recipients	152	128	117	80	70	59	55	37	26	23
Total Members	4,219	4,301	3,666	3,633	3,553	3,210	3,204	2,944	2,166	2,167

Notes:

¹ Starting with the June 30, 2006 Comprehensive Annual Financial Report, CalPERS changed the mechanism for reporting this category.

² This total differs from Total Benefit Recipients on page 145. Total Benefit Recipients shown here include Active Death Benefits paid as a result of a member death prior to retirement.

CalPERS PROGRAM DATA

Primary Benefits

Benefits are paid according to the category of employment and the type of benefit coverage provided by an employer. Local agencies have variations in benefits due to their specific contract obligations with CalPERS.

The four categories of membership are:

Miscellaneous Members — staff, operational, supervisory, and all other eligible employees who are not in special membership categories.

Safety Members — California Highway Patrol officers, police officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.

State Industrial Members — employees of the Department of Corrections and the California Youth Authority who have the same service retirement and other benefits as miscellaneous members, but who also have industrial death and disability benefits under certain limited circumstances.

State Peace Officer/Firefighter Members — State employees who are involved in law enforcement, firefighting and fire suppression, public safety, protective services, or the management and supervision thereof, whose positions are defined as State peace officer/firefighter members in the Government Code or by the Department of Personnel Administration.

Separation from Employment/Refunds

At permanent separation from employment, members may either leave their contributions on deposit and defer retirement¹ or terminate membership by electing to take a refund of member contributions plus interest (compounded annually). With a refund election, CalPERS is required to deduct federal withholding of 20 percent from the untaxed portion of the refund, unless the taxable portion is directly rolled over to a qualified plan or IRA.

Service Retirement

State Miscellaneous & State Industrial Members (First Tier), School Members & University Members 2 Percent at 55 Formula

Service not coordinated with Social Security — A guarantee of 2 percent of final compensation² at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation³ before benefits are determined.

Local Miscellaneous Members 2 Percent at 60 Formula

Service not coordinated with Social Security — A guarantee of 2 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 with an increased benefit rate to age 63.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Notes:

- ¹ A member with less than the required amount of service credit must return to CalPERS-covered employment to obtain the minimum service credit required to be eligible for retirement.
- ² The term “final compensation” appears throughout this section. It means the average payrate and special compensation over the last three consecutive years of employment (or one year for State and school members or as a contract option for local members) unless the member elects a different period with a higher average.
- ³ School member final compensation for service earned on and after January 1, 2001 is not subject to reduction.

CalPERS PROGRAM DATA (continued)

State Miscellaneous & State Industrial Members (Second Tier) 1.25 Percent at 65 Formula

A guarantee of 1.25 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as age 50 (if there is a combination of First Tier and Second Tier service; a reduced benefit rate will apply).

Local Miscellaneous Members (Second Tier) 1.5 Percent at 65 Formula

A guarantee of 1.50 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as age 50 if there is a combination of First Tier and Second Tier service (a reduced benefit rate will apply).

Local Miscellaneous Members 2 Percent at 55 Formula

Service not coordinated with Social Security — A guarantee of 2 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 2.5 Percent at 55 Formula

Service not coordinated with Social Security — A guarantee of 2.5 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 2.7 Percent at 55 Formula

Service not coordinated with Social Security — A guarantee of 2.7 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Miscellaneous Members 3 Percent at 60 Formula

Service not coordinated with Social Security — A guarantee of 3 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 from the final compensation before benefits are determined.

Local Safety Members 2 Percent at 50 Formula

2 percent of final compensation for each year of service for retirement at age 50, with an increased benefit rate to age 55. The maximum allowance payable is 90 percent of final compensation.

State Safety Members & Local Safety Members 2 Percent at 55 Formula

2 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent of final compensation. Retirement may begin at age 50 with a reduced benefit rate.

Local Safety Members Half Pay at 55 Formula

This benefit is no longer available as a contract amendment. Only a small number of local agencies are still covered under this formula which guarantees one-half of final compensation at age 55 with 20 or more years of service credit. Retirement may begin at age 50 with a reduced benefit rate.

State Safety Members & Local Safety Members 2.5 Percent at 55 Formula

This benefit is no longer available as a contract amendment. It provides 2.5 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 80 percent of final compensation for State safety members and 90 percent for local safety members. Retirement may begin at age 50 with a reduced benefit rate.

CALPERS PROGRAM DATA (continued)

State Patrol Members, Local Safety Members & State Peace Officer/Firefighter Members 3 Percent at 50 Formula.

3 percent of final compensation for each year of service for retirement at age 50. The maximum allowance payable is 90 percent of final compensation for State patrol members, local safety members, and State peace officer/firefighters.

State Peace Officer/Firefighter Members & Local Safety Members 3 Percent at 55 Formula

3 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent for State peace officer/firefighter members and local safety members. Retirement may begin at age 50 with a reduced benefit rate.

Disability Retirement

For Most Members

A monthly allowance of 1.8 percent of final compensation for each year of service, improved under certain conditions to $33\frac{1}{3}$ percent of final compensation, applicable to members with at least five years of service credit.

By Contract Amendment Only for Local Agencies

A monthly allowance of 30 percent of final compensation, plus an additional 1 percent for each year of service over five years to a maximum of 50 percent.

For State Second Tier Members

A monthly allowance of 1.125 percent of final compensation for each year of service, improved under certain conditions to $33\frac{1}{3}$ percent of final compensation, applicable to members with at least 10 years of service credit or five years if credited as of January 1, 1985.

For Local Second Tier Members

A monthly allowance of 1.35 percent of final compensation for each year of service, improved under certain conditions to $33\frac{1}{3}$ percent of final compensation, applicable to members with at least five years of service credit.

Industrial Disability Retirement

For Most Members

A monthly allowance of 50 percent of final compensation, applicable to patrol members, State and local safety members, State peace officer/firefighter members, State industrial members, local miscellaneous members (by contract amendment only), and certain State miscellaneous members defined by law. The member must be serving in one of these categories at the time the industrial disability occurs. State members in certain bargaining units are eligible for 60 percent of final compensation if disabled for any job in State service and the injury occurred on or after January 1, 1993 and on or before December 31, 1999. California Highway Patrol members may be entitled to an enhanced benefit if specific qualifying factors are met.

By Contract Amendment Only for Local Agencies

A monthly allowance of 75 percent of final compensation, if found totally disabled.

By Contract Amendment Only for Local Agencies

A monthly allowance of 50 percent to 90 percent of final compensation, depending on the disability rating by the Workers' Compensation Appeals Board.

Death Benefits (Before Retirement)

Basic Death Benefit — All Members Except State Employees

Eligible to retire or not — A return of member contributions plus interest (compounded annually) and an employer-paid portion equal to one month's compensation earnable for each year of current service to a maximum of six months.

Basic Death Benefit — State Employees Only

Eligible to retire or not eligible to retire with 20 years or more of State service credit — A return of member contributions plus interest (compounded annually) and a State-paid portion equal to six months' pay (50 percent of the member's earnable pay for the 12 months prior to the member's death).

CALPERS PROGRAM DATA (continued)

Not eligible to retire with less than 20 years of State service credit — A return of only the member contributions plus interest (compounded annually).

Insurance Benefit — State Employees Only

Eligible to retire or not eligible to retire with 20 years or more of State service credit — \$5,000 in a lump sum.

Not eligible to retire with less than 20 years of State service credit — \$5,000 in a lump sum plus six months' pay (50 percent of annual compensation).

Alternate Death Benefit¹ — For State Members in Bargaining Units Contracting for This Benefit, Who Are Not Eligible to Retire, With 20 Years or More of State Service Credit

A monthly allowance payable to a surviving spouse or registered domestic partner until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2W (if the beneficiary is a spouse or registered domestic partner), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had been old enough to retire. A spouse or registered domestic partner or minor child may receive continued health and dental insurance with the Alternate Death Benefit.

Alternate Death Benefit for Firefighters — Local Agency Employers Contracting for This Benefit, With 20 Years or More of Total Service Credit

A monthly non-job-related allowance payable to a surviving spouse or registered domestic partner until death, then to children under age 18. It is calculated similarly to Pre-Retirement Option 2W (if the beneficiary is a spouse or registered domestic partner, even if the agency does not contract separately for the Pre-Retirement Option 2W benefit), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had either been old enough to retire (if the member died before reaching retirement age), or based on the member's actual age if the member was eligible to retire at the time of death. This benefit applies to all service credit earned by the member,

Note:

¹ The surviving spouse or registered domestic partner of other than a State member, or a guardian of a minor child, may elect the Basic Death Benefit or the 1957 Survivor Benefit. The surviving spouse or registered domestic partner of a State member may elect the Basic Death Benefit or the Pre-Retirement Option 2W Death Benefit.

including service that may have been earned with a local agency that does not contract for the Alternate Death Benefit, as long as the member was employed at the time of death by a local agency that provides this benefit in their contract.

Pre-Retirement Option 2W Benefit — Local Agencies by Contract, Married, or Registered Domestic Partnership

A monthly allowance payable to the surviving spouse or registered domestic partner until death, then to children under age 18, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W.

Pre-Retirement Option 2W Benefit¹ — For All State Members, Married, or Registered Domestic Partnership

A monthly allowance payable to the surviving spouse or registered domestic partner until death, then to children under age 18, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W.

1957 Survivor Benefit¹ — Local Members, Married, or Registered Domestic Partnership

For all members eligible to retire who are married or in a registered domestic partnership, a monthly allowance payable to the surviving spouse or registered domestic partner until death, then to children under age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death.

1957 Survivor Benefit¹ — All Members, Not Married, or No Registered Domestic Partnership

For all members eligible to retire who are not married or in a registered domestic partnership, a monthly allowance payable to the unmarried surviving minor children until age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death. Once allowance stops, the total allowance paid is compared to the Basic Death Benefit amount, and any difference is paid in a lump sum to all of the member's surviving children.

CALPERS PROGRAM DATA (continued)

1959 Survivor Benefit — State & School Members & by Contract Option, Local Agency Members Not Coordinated With Social Security

A monthly benefit paid to survivors of deceased members who died prior to retirement. This benefit is similar to the Social Security Survivor Benefit and is paid in addition to any other applicable pre-retirement death benefit, except the Special Death Benefit.

Special Death Benefit¹ — Survivors of Patrol, State & Local Safety, State Industrial & State Peace Officer/Firefighter Members, State Miscellaneous² & Local Miscellaneous by Contract Amendment²

A monthly allowance equal to 50 percent of final compensation payable to the surviving spouse or registered domestic partner until death, or if no spouse, to natural or adopted unmarried children up to age 22. The monthly allowance is recalculated annually on October 1 based on the salary rates for employees who work in the position the member held at the time of death until such time as the member would have attained age 50.

Special Death Benefit¹ — Violent Death

Provides increased benefits (up to 75 percent of final compensation) based upon the number of surviving children, if the member's death is the result of external violence or physical force.

Death Benefits (After Retirement)

Retired Death Benefit — State Members Only

A \$2,000 lump sum payable in addition to any optional settlement elected.

Retired Death Benefit — Local & School Members

A \$500, \$600, \$2,000, \$3,000, \$4,000, or \$5,000 lump sum (depending on the employer contract) payable in addition to any optional settlement elected.

Survivor Continuance Benefit — State Members, School Members & by Contract Option, Local Agency Members

Service not coordinated with Social Security — 50 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

Service coordinated with Social Security — 25 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

Optional Settlements

For All Members

All the disability and service retirement allowances discussed in this section are the highest (unmodified) allowances payable to a retired member. There are six optional settlements to allow a member to reduce their allowance to provide a benefit to a named beneficiary at the member's death. Under two of these options, if the beneficiary predeceases the member, the member's allowance will be increased to the higher (unmodified) amount.

Cost-Of-Living Adjustments

For All Members — Except State Second Tier

A maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies).

For State Second Tier Members Only

A fixed 3 percent compounded annually.

Notes:

¹ The Special Death Benefit is payable if the member's death is job related.

² The survivor of a State or local miscellaneous member qualifies for the Special Death Benefit if the member was killed or fatally injured while performing their official duties.

CALPERS PROGRAM DATA (continued)

Active & Inactive Members

Employer/Category	Active	Inactive	Total
State Miscellaneous —			
First Tier	141,189	44,089	185,278
State Miscellaneous —			
Second Tier	9,790	24,033	33,823
State Industrial —			
First Tier	7,859	929	8,788
State Industrial —			
Second Tier	997	1,030	2,027
State ARP ¹	14,592	2,016	16,608
Highway Patrol	6,756	231	6,987
State Safety	22,451	3,648	26,099
Peace Officer/Firefighter	43,648	5,074	48,722
University of California ²	5	98	103
Total State Members	247,287	81,148	328,435
School — Miscellaneous	311,189	97,760	408,949
School — Safety	546	180	726
Total School Members	311,735	97,940	409,675
Public Agency —			
Miscellaneous	214,185	76,197	290,382
Public Agency — Safety	49,417	8,991	58,408
Total Public Agency Members	263,602	85,188	348,790
Total Members	822,624	264,276	1,086,900

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$8,233,421,767
Disability Retirement	498,297,616
Industrial Disability Retirement	1,073,697,728
PPPA Payments ³	63,851,575
Total	\$9,869,268,686
Basic Death Benefit/Group Term	
Life Insurance	\$35,794,846
1957 Survivor Benefit	57,449,587
1959 Survivor Benefit	30,354,099
Industrial Death Allowance	31,351,295
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	46,336,380
Total	\$201,286,207
Grand Total	\$10,070,554,893

Benefit Recipients by Employer Category ⁴

Employer	Retired Members	Survivors & Beneficiaries	Total
State Miscellaneous —			
First Tier	103,573	19,544	123,117
State Miscellaneous —			
Second Tier	2,514	423	2,937
State Industrial —			
First Tier	3,783	537	4,320
State Industrial —			
Second Tier	123	14	137
Highway Patrol	5,659	880	6,539
State Safety	23,398	2,745	26,143
Peace Officer/Firefighter	2,760	202	2,962
Total State	141,810	24,345	166,155
School — Miscellaneous	133,913	19,087	153,000
School — Safety	—	—	—
Total School	133,913	19,087	153,000
Public Agency —			
Miscellaneous	86,521	12,365	98,886
Public Agency — Safety	33,206	3,961	37,167
Total Public Agency	119,727	16,326	136,053
Grand Total	395,450	59,758	455,208

Notes:

- ¹ The Alternative Retirement Program (ARP) is a mandated savings plan for State miscellaneous and industrial members hired after August 11, 2004, during their first two years of employment. While contributing to ARP during that period, they are also “non-contributing” CalPERS members.
- ² The number of University of California members continues to decline since new employees must join the University of California Retirement System (UCRS).
- ³ These payments were made from the Purchasing Power Protection Account, which is structured to maintain current benefit levels and to restore CalPERS allowances to 75 percent of their original purchasing power (80 percent for public agencies).
- ⁴ The actual number of benefit recipients is by the employer category from which they retired, regardless of whether they had service in other employer categories. The total includes only those recipients receiving a monthly allowance, and does not include recipients of one-time only payments.

CalPERS PROGRAM DATA (continued)

Benefit Payments by Type Six-Year Review

Category	2007	2006	2005	2004	2003	2002
Service Retirement	\$8,233,421,767	\$7,550,688,820	\$6,837,660,779	\$6,126,399,264	\$5,517,803,137	\$5,023,585,476
Disability Retirement	498,297,616	469,318,366	452,965,751	436,760,071	414,169,213	395,028,004
Industrial Disability Retirement	1,073,697,728	986,653,060	918,589,118	846,201,803	788,510,695	700,349,277
PPPA Payments	63,851,575	64,455,662	65,678,127	71,005,179	78,716,677	82,516,981
Total	\$9,869,268,686	\$9,071,115,908	\$8,274,893,775	\$7,480,366,317	\$6,799,199,722	\$6,201,479,738
Basic Death Benefit/ Group Term Life Insurance	\$35,794,846	\$35,912,639	\$34,336,821	\$35,499,195	\$50,135,006	\$38,555,448
1957 Survivor Benefit	57,449,587	53,953,626	51,027,429	48,007,229	45,509,640	42,917,465
1959 Survivor Benefit	30,354,099	29,628,567	28,553,418	27,997,780	28,548,728	25,242,446
Industrial Death Allowance	31,351,295	28,785,227	27,095,550	25,302,686	24,347,863	23,117,626
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	46,336,380	16,677,530	18,211,621	21,911,810	44,172,841	99,706,393
Total	\$201,286,207	\$164,957,589	\$159,224,839¹	\$158,718,700	\$192,714,078	\$229,539,378
Refunds	\$181,574,603	\$170,929,432	\$155,236,438	\$151,526,342	\$114,024,929	\$103,385,701
Grand Total	\$10,252,128,819	\$9,407,002,930	\$8,589,355,052	\$7,790,611,359	\$7,105,938,729	\$6,534,404,817

Note:

¹ Includes "penalty interest" of \$2,767 for pre-retirement and \$6,098 for post-retirement death payments. Penalty interest is required when CalPERS is unable to pay death benefits within 45 days of receiving all documents establishing entitlement. The penalty interest rate is paid for each day exceeding the 45-day time limit, based on the interest crediting rate or the net earnings rate (including capital gains and losses) whichever is greater.

CalPERS PROGRAM DATA (continued)

Average Benefit Payments — As of June 30, 2006 Six-Year Review

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2005/06							
Average Monthly Allowance ¹	\$487	\$682	\$1,134	\$1,654	\$2,372	\$3,610	\$4,870
Average Final Compensation	\$6,040	\$4,012	\$4,144	\$4,405	\$4,858	\$5,689	\$6,294
Number of Recipients ¹	560	3,624	3,788	4,462	3,807	3,650	5,249
2004/05							
Average Monthly Allowance ¹	\$473	\$687	\$1,109	\$1,606	\$2,360	\$3,439	\$4,750
Average Final Compensation	\$5,534	\$3,926	\$4,017	\$4,289	\$4,837	\$5,488	\$6,132
Number of Recipients ¹	549	3,487	4,032	4,668	3,861	3,859	5,876
2003/04							
Average Monthly Allowance ¹	\$510	\$693	\$1,082	\$1,560	\$2,192	\$3,308	\$4,553
Average Final Compensation	\$5,443	\$3,835	\$3,863	\$4,171	\$4,492	\$5,254	\$5,915
Number of Recipients ¹	545	3,489	4,254	4,465	3,822	3,499	4,831
2002/03							
Average Monthly Allowance ¹	\$573	\$678	\$1,074	\$1,475	\$2,110	\$3,261	\$4,625
Average Final Compensation	\$4,996	\$3,609	\$3,752	\$3,936	\$4,350	\$5,156	\$5,888
Number of Recipients ¹	529	2,834	3,825	3,678	3,281	3,116	4,650
2001/02							
Average Monthly Allowance ¹	\$671	\$674	\$1,038	\$1,421	\$1,962	\$3,125	\$4,381
Average Final Compensation	\$4,837	\$3,543	\$3,615	\$3,878	\$4,164	\$5,015	\$5,653
Number of Recipients ¹	503	2,518	3,667	3,152	3,074	2,951	4,284
2000/01							
Average Monthly Allowance ¹	\$599	\$614	\$990	\$1,323	\$1,810	\$2,875	\$4,138
Average Final Compensation	\$4,504	\$3,289	\$3,517	\$3,604	\$3,937	\$4,750	\$5,371
Number of Recipients ¹	453	2,620	4,082	3,284	3,024	2,948	4,794

Note:

¹ These averages and totals are for retired members, beneficiaries, and community property recipients.

CalPERS PUBLIC AGENCY EMPLOYERS

Contract Actions Summary

On June 30, 2007, 1,560 public agency contracts provided retirement, death, and survivor benefits for employees of 57 county superintendents of schools; four school district offices; 447 cities and towns; 36 counties; and 1,016 districts and other public agencies. The 57 county superintendents of schools contracts provide benefits for 1,054 school districts, bringing the total number of public agency employers to 2,614.

	Added	Merged	Terminated	Total
County Superintendents of Schools (for 1,054 school districts)	—	—	—	57
Los Angeles City Schools and Community College Districts	—	—	—	2
Los Angeles County Superintendents of Schools and San Diego County of Superintendent of Schools	—	—	—	2
Cities/Towns	1	—	—	447
Counties	—	—	—	36
Districts and Other Public Agencies	20	-4	-1	1,016
Total Public Agency Contracts	21	-4	-1	1,560

Amendments

Public agency contracts vary depending upon the member categories covered, the formula the agency elects to provide, and the optional benefit provisions selected from the group of approximately 51 benefits. These optional benefits may be provided at the time the original contract is established or they may be added later through the contract amendment process.

During the 2006-07 fiscal year, 244 benefit changes were made through 201 contract amendments. The benefit formula changes for public agencies included: 44 to provide the 2.5% at 55 formula for active miscellaneous members; 35 to provide the 2.7% at 55 formula for active miscellaneous members; 13 to provide 3% at 60 formula for active miscellaneous members; eight to provide 2% at 55 for miscellaneous members; 13 to provide 3% at 50 formula for safety members; 13 to provide 3% at 55 formula for safety members; and three to provide 2% at 50 formula for safety members.

Two Years of Additional Service Credit — The Golden Handshake

Contracting agencies may amend their contracts to provide additional service credit if there are impending mandatory transfers, layoffs, or demotions. Eligible employees who retire within a 90- to 180-day window period established by

the employer receive two years additional service credit. The county schools may also contract for this benefit when there is an impending curtailment of, or change in the manner of performing services, and their best interest would be served by granting the additional service credit. Once the contract is amended, the employer may establish additional window periods.

In the 2006-07 fiscal year, six public agencies amended their contracts to provide the two years of additional service credit and 16 additional window periods were established. The County Offices of Education established 42 additional window periods for the Golden Handshake benefit.

Popular Benefit Amendments

2.5% at 55 Miscellaneous Formula	44 amendments
2.7% at 55 Miscellaneous Formula	35 amendments
One Year Final Compensation	17 amendments
Fourth Level of 1959 Survivor Benefits	16 amendments
3% at 60 Miscellaneous Formula	13 amendments
3% at 50 Safety Formula	13 amendments
3% at 55 Safety Formula	13 amendments
Pre-Retirement Optional Settlement 2 Death Benefit	13 amendments
Different Level of Benefits	9 amendments

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Mergers

Inland Empire West Resource Conservation District and East Valley Resource Conservation District were assumed by Inland Empire Resource Conservation, a new public agency, on July 1, 2005. The merger of the contracts was effective September 16, 2006.

The transportation planning function of the County of Santa Cruz merged into the newly created Santa Cruz County Regional Transportation Commission #1940 effective November 4, 2006.

Irvine Ranch Water District #576 assumed Santiago County Water District #1932 on July 1, 2006. The merger of the contracts was effective November 16, 2006.

Western Municipal Water District #456 assumed Murrieta County Water District #1637 on November 27, 2005. The merger of the contracts was effective June 10, 2007.

New Contracts

During the 2006-07 fiscal year, 21 additional agencies contracted with CalPERS for retirement, death, and survivor benefits. The new contracting agencies are:

Effective Date	Public Agency	Miscellaneous Member Formula	Safety Member Formula
7/2/06	Marin County In-Home Supportive Services Public Authority	2% at 55	
7/24/06	North of the River Recreation and Park District	2% at 60	
9/1/06	Durham Mosquito Abatement District	2% at 60	
9/1/06	Willow County Water District	2.5% at 55	
9/16/06	Inland Empire Resource Conservation District	2% at 60	
10/1/06	Jackson Valley Irrigation District	2% at 60	
10/10/06	Davis Cemetery District	2% at 60	
11/1/06	Carmel Regional Fire Ambulance Authority		2% at 50
11/4/06	Santa Cruz County Regional Transportation Commission	2% at 55	
11/27/06	City of Rancho Santa Margarita	2.5% at 55	
12/1/06	Pine Grove Mosquito Abatement District	2% at 55	
12/21/06	Murrieta Valley Cemetery District	2.7% at 55	
1/1/07	Twain Harte Community Services District	3% at 60	3% at 55
1/5/07	Orange County Vector Control District	2% at 55	
1/24/07	Ventura College Foundation	2% at 55	
2/25/07	Plumas Eureka Community Services District	2% at 55	
4/20/07	Boulder Creek Fire Protection District		3% at 55
5/1/07	Western Contra Costa Transit Authority	2% at 55	
5/5/07	Crestline Village Water District	2.5% at 55	
5/31/07	Eastern Sierra Transit Authority	2.5% at 55	
6/29/07	West Valley Mosquito & Vector Control District	2.5% at 55	

Terminations

California State University Foundation effective June 4, 2007.

Largest Participating Employers

Employer	Number of Employees
State of California	328,435
Los Angeles County Schools	78,227
Los Angeles Unified School District	42,295
San Diego County Schools	26,923
Riverside County	22,830
Orange County Schools	22,506
Santa Clara County	20,750
San Bernardino County Schools	19,350
Riverside County Schools	17,462
Santa Clara County Schools	13,478

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Reciprocal Systems

Reciprocity is a valuable addition to the CalPERS benefit package. Its purpose is to encourage career public service, by allowing members to move between employers under different public retirement systems without losing their retirement and related benefits. The following retirement systems have reciprocity with CalPERS.

Counties Under the County Employees'

Retirement Law of 1937

Alameda	Sacramento
Contra Costa	San Bernardino
Fresno	San Diego
Imperial	San Joaquin
Kern	San Mateo
Los Angeles	Santa Barbara
Marin	Sonoma
Mendocino	Stanislaus
Merced	Tulare
Orange	Ventura

The University of California Retirement Plan (UCRP)

Reciprocal Public Retirement Systems

California Administrative Services Authority
Concord, City of
Contra Costa Water District
Costa Mesa, City of (safety only)
East Bay Municipal Utility District
East Bay Regional Park District (safety only)
Fresno Employees Retirement System
Long Beach Schools Business Management Authority
Los Angeles, City of
Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan)
Oakland, City of (non-safety only)
Pasadena, City of (fire and police only)
Sacramento, City of
San Clemente, City of (non-safety only)
San Diego, City of
San Francisco, City & County of
San Jose, City of
San Luis Obispo, County of

Systems with Limited Reciprocity

Judges' Retirement System
Judges' Retirement System II
Legislators' Retirement System
California State Teachers' Retirement System

Participating Public Agencies by Type

Total number of CalPERS members for each agency follows its name.

County Superintendents of Schools

Alameda - 11,313	Orange - 22,506
Alpine - 39	Placer - 3,065
Amador - 214	Plumas - 298
Butte - 2,561	Riverside - 17,462
Calaveras - 498	Sacramento - 12,411
Colusa - 256	San Benito - 583
Contra Costa - 7,500	San Bernardino - 19,350
Del Norte - 203	San Diego - 26,923
El Dorado - 1,739	San Joaquin - 6,313
Fresno - 9,379	San Luis Obispo - 2,312
Glenn - 417	San Mateo - 4,756
Humboldt - 1,576	Santa Barbara - 3,763
Imperial - 2,167	Santa Clara - 13,478
Inyo - 265	Santa Cruz - 2,388
Kern - 9,857	Shasta - 2,035
Kings - 1,478	Sierra - 37
Lake - 694	Siskiyou - 653
Lassen - 389	Solano - 2,951
Los Angeles - 78,227	Sonoma - 3,946
Madera - 1,343	Stanislaus - 5,967
Marin - 1,852	Sutter - 820
Mariposa - 182	Tehama - 834
Mendocino - 1,389	Trinity - 257
Merced - 3,317	Tulare - 5,433
Modoc - 182	Tuolumne - 445
Mono - 170	Ventura - 6,468
Monterey - 4,347	Yolo - 1,579
Napa - 1,363	Yuba - 1,046
Nevada - 739	Total - 57

School District Offices

Los Angeles Unified School District - 42,295
Los Angeles Community College District - 2,930
Los Angeles County Office of Education - 3,393
San Diego County Office of Education - 1,115
Total - 4

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Counties

Alpine - 119	Kings - 1,735	Placer - 3,370	Siskiyou - 953
Amador - 631	Lake - 1,346	Plumas - 657	Solano - 3,712
Butte - 2,685	Lassen - 674	Riverside - 22,830	Sutter - 1,246
Calaveras - 682	Madera - 1,945	San Benito - 630	Tehama - 1,154
Colusa - 428	Mariposa - 514	San Francisco City & County ¹ - 1,345	Trinity - 578
Del Norte - 721	Modoc - 587	Santa Clara - 20,750	Tuolumne - 1,552
El Dorado - 2,665	Mono - 409	Santa Cruz - 3,393	Yolo - 2,402
Glenn - 684	Monterey - 6,279	Shasta - 2,283	Yuba - 1,299
Humboldt - 2,487	Napa - 1,736	Sierra - 148	Total - 36
Inyo - 580	Nevada - 1,313		

Cities & Towns

Adelanto - 188	Bishop - 37	Colma - 62	El Segundo - 431
Agoura Hills - 47	Blue Lake - 17	Colton - 497	Elk Grove - 267
Alameda - 819	Blythe - 144	Colusa - 53	Emeryville - 72
Albany - 114	Bradbury - 3	Commerce - 182	Encinitas - 305
Alhambra - 670	Bradley - 183	Compton - 646	Escalon - 57
Aliso Viejo - 17	Brea - 495	Concord - 683	Escondido - 1,182
Alturas - 30	Brentwood - 370	Corcoran - 100	Etna - 8
American Canyon - 94	Brisbane - 138	Corning - 57	Eureka - 334
Anaheim - 3,267	Buellton - 27	Corona - 1,072	Exeter - 46
Anderson - 75	Buena Park - 404	Coronado - 383	Fairfax - 62
Angels - 60	Burbank - 1,689	Corte Madera - 88	Fairfield - 725
Antioch - 493	Burlingame - 310	Costa Mesa - 952	Farmersville - 43
Apple Valley - 158	Calabasas - 148	Cotati - 67	Fillmore - 54
Arcadia - 465	Calexico - 282	Covina - 290	Firebaugh - 62
Arcata - 142	California City - 109	Crescent City - 95	Folsom - 649
Arroyo Grande - 119	Calimesa - 19	Cudahy - 28	Fontana - 808
Artesia - 56	Calipatria - 24	Culver City - 876	Fort Bragg - 88
Arvin - 63	Calistoga - 71	Cupertino - 192	Fortuna - 96
Atascadero - 203	Camarillo - 172	Cypress - 241	Fountain Valley - 292
Atherton - 74	Campbell - 204	Daly City - 800	Fowler - 37
Atwater - 154	Canyon Lake - 6	Dana Point - 78	Fremont - 1,138
Auburn - 127	Capitola - 108	Davis - 612	Fullerton - 826
Avalon - 80	Carlsbad - 822	Del Mar - 79	Galt - 229
Avenal - 43	Carmel-By-The-Sea - 111	Del Rey Oaks - 13	Garden Grove - 883
Azusa - 417	Carpinteria - 48	Delano - 48	Gardena - 522
Bakersfield - 1,742	Carson - 618	Desert Hot Springs - 121	Gilroy - 320
Baldwin Park - 653	Cathedral City - 276	Diamond Bar - 72	Glendale - 2,553
Banning - 271	Cerritos - 563	Dinuba - 248	Glendora - 280
Barstow - 182	Chico - 477	Dixon - 150	Goleta - 54
Beaumont - 146	Chino - 588	Dos Palos - 37	Gonzales - 51
Bell - 255	Chowchilla - 104	Downey - 572	Grand Terrace - 82
Bell Gardens - 206	Chula Vista - 1,572	Duarte - 74	Grass Valley - 154
Bellflower - 138	Citrus Heights - 201	Dublin - 112	Greenfield - 64
Belmont - 187	Claremont - 302	Dunsmuir - 17	Gridley - 67
Belvedere - 28	Clayton - 37	East Palo Alto - 107	Grover Beach - 108
Benicia - 314	Clearlake - 67	El Cajon - 712	Guadalupe - 66
Berkeley - 2,001	Cloverdale - 70	El Centro - 338	Gustine - 31
Beverly Hills - 1,124	Clovis - 949	El Cerrito - 245	Half Moon Bay - 77
Biggs - 13	Coachella City - 92	El Monte - 504	Hanford - 296

Note:

¹ This agency has both City and County employees and is listed in both areas; however, it is included only in the “total” count of the Cities & Towns category.

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Cities & Towns

Hawaiian Gardens - 108	Livingston - 103	Oakdale - 131	Rio Vista - 74
Hawthorne - 505	Lodi - 589	Oakland - 5,256	Ripon - 26
Hayward - 1,064	Loma Linda - 118	Oakley - 34	Riverbank - 86
Healdsburg - 163	Lomita - 64	Oceanside - 1,313	Riverside - 2,764
Hemet - 481	Lompoc - 482	Ojai - 47	Rocklin - 451
Hercules - 204	Long Beach - 6,478	Ontario - 1,246	Rohnert Park - 261
Hermosa Beach - 220	Los Alamitos - 71	Orange - 863	Rolling Hills - 5
Hesperia - 164	Los Altos - 170	Orange Cove - 23	Rolling Hills Estates - 39
Hidden Hills - 5	Los Altos Hills - 23	Orland - 48	Rosemead - 93
Highland - 43	Los Angeles - 0	Oroville - 151	Roseville - 1,525
Hillsborough - 132	Los Banos - 200	Oxnard - 2,784	Ross - 30
Hollister - 165	Los Gatos - 235	Pacific Grove - 155	Sacramento - 6,244
Hughson - 52	Loyalton - 4	Pacifica - 288	Salinas - 608
Huntington Beach - 1,302	Lynwood - 319	Palm Desert - 208	San Anselmo - 99
Huntington Park - 234	Madera - 395	Palm Springs - 627	San Bernardino - 1,854
Imperial - 62	Malibu - 93	Palmdale - 489	San Bruno - 323
Imperial Beach - 110	Mammoth Lakes - 154	Palo Alto - 1,309	San Buenaventura - 880
Indian Wells - 50	Manhattan Beach - 362	Palos Verdes Estates - 94	San Carlos - 194
Indio - 319	Manteca - 460	Paradise - 134	San Clemente - 49
Industry - 33	Marina - 131	Paramount - 138	San Dimas - 108
Inglewood - 1,074	Martinez - 53	Parlier - 46	San Fernando - 162
Ione - 22	Marysville - 105	Pasadena - 2,398	San Francisco - 1,345
Irvine - 975	Maywood - 103	Paso Robles - 227	San Gabriel - 205
Irwindale - 102	Menlo Park - 370	Patterson - 110	San Jacinto - 96
Jackson - 41	Merced - 636	Perris - 115	San Joaquin - 20
Kerman - 64	Mill Valley - 230	Petaluma - 487	San Jose - 13
King City - 62	Millbrae - 199	Pico Rivera - 194	San Leandro - 539
Kingsburg - 93	Milpitas - 550	Piedmont - 133	San Luis Obispo - 511
La Canada Flintridge - 42	Mission Viejo - 189	Pinole - 172	San Marcos - 279
La Habra - 551	Modesto - 1,458	Pismo Beach - 135	San Marino - 178
La Habra Heights - 27	Monrovia - 360	Pittsburg - 334	San Mateo - 717
La Mesa - 334	Montague - 7	Placentia - 171	San Pablo - 170
La Mirada - 128	Montclair - 306	Placerville - 120	San Ramon - 330
La Palma - 99	Monte Sereno - 10	Pleasant Hill - 183	Sand City - 32
La Puente - 59	Montebello - 709	Pleasanton - 628	Sanger - 176
La Quinta - 124	Monterey - 626	Pomona - 882	Santa Ana - 1,965
La Verne - 230	Monterey Park - 501	Port Hueneme - 186	Santa Barbara - 1,568
Laguna Beach - 312	Moorpark - 94	Porterville - 356	Santa Clara - 1,068
Laguna Hills - 56	Moraga - 46	Portola - 21	Santa Clarita - 610
Laguna Niguel - 120	Moreno Valley - 671	Portola Valley - 15	Santa Cruz - 1,031
Laguna Woods - 10	Morgan Hill - 261	Poway - 339	Santa Fe Springs - 265
Lake Elsinore - 102	Morro Bay - 137	Rancho Cordova - 60	Santa Maria - 658
Lake Forest - 86	Mountain View - 848	Rancho Cucamonga - 594	Santa Monica - 2,709
Lakeport - 57	Mt. Shasta - 49	Rancho Mirage - 107	Santa Paula - 187
Lakewood - 370	Murrieta - 297	Rancho Palos Verdes - 147	Santa Rosa - 1,559
Lancaster - 688	Napa - 485	Rancho Santa Margarita - 20	Santee - 197
Larkspur - 71	National City - 426	Red Bluff - 130	Saratoga - 97
Lathrop - 132	Needles - 168	Redding - 942	Sausalito - 159
Lawndale - 109	Nevada City - 36	Redlands - 592	Scotts Valley - 103
Lemon Grove - 93	Newark - 317	Redondo Beach - 681	Seal Beach - 117
Lemoore - 148	Newman - 52	Redwood City - 847	Seaside - 227
Lincoln - 242	Newport Beach - 1,104	Reedley - 148	Sebastopol - 56
Lindsay - 123	Norco - 157	Rialto - 486	Selma - 192
Live Oak - 27	Norwalk - 339	Richmond - 974	Shafter - 165
Livermore - 648	Novato - 300	Ridgecrest - 169	Shasta Lake - 63

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Cities & Towns

Sierra Madre - 96	Susanville - 86	Upland - 397	Westminster - 365
Signal Hill - 179	Sutter Creek - 18	Vacaville - 673	Westmorland - 6
Simi Valley - 787	Taft - 189	Vallejo - 618	Whittier - 504
Solana Beach - 94	Tehachapi - 64	Vernon - 431	Williams - 36
Soledad - 77	Temecula - 273	Victorville - 690	Willits - 61
Solvang - 47	Temple City - 56	Villa Park - 7	Willows - 46
Sonoma - 104	Thousand Oaks - 528	Visalia - 664	Windsor - 131
Sonora - 63	Tiburon - 60	Vista - 465	Winters - 39
South El Monte - 94	Torrance - 1,728	Walnut - 82	Woodlake - 57
South Gate - 555	Tracy - 569	Walnut Creek - 646	Woodland - 445
South Lake Tahoe - 281	Truckee - 162	Wasco - 93	Woodside - 31
South Pasadena - 217	Tulare - 479	Waterford - 22	Yorba Linda - 160
South San Francisco - 558	Tulelake - 21	Watsonville - 474	Yountville - 33
St. Helena - 98	Turlock - 511	Weed - 49	Yreka - 74
Stanton - 80	Tustin - 425	West Covina - 519	Yuba City - 395
Stockton - 2,220	Twentynine Palms - 56	West Hollywood - 304	Yucaipa - 79
Suisun City - 142	Ukiah - 248	West Sacramento - 514	Yucca Valley - 90
Sunnyvale - 1,240	Union City - 418	Westlake Village - 20	Total - 447

Districts & Other Public Agencies

Academic Senate for California Community Colleges - 19	Arcade Creek Recreation and Park District - 11
Access Services Incorporated - 119	Arcata Fire Protection District - 17
Agoura Hills and Calabasas Community Center - 13	Area 12 Agency on Aging - 35
Alameda Alliance for Health - 237	Armona Community Services District - 3
Alameda Corridor Transportation Authority - 22	Aromas Water District - 7
Alameda County Congestion Management Agency - 22	Arrowbear Park County Water District - 5
Alameda County Fire Department - 261	Arroyo Grande District Cemetery - 5
Alameda County Law Library - 16	Associated Students California State University, San Bernardino - 2
Alameda County Mosquito Abatement District - 15	Association of Bay Area Governments - 142
Alameda County Schools Insurance Group - 12	Association of California Water Agencies - 76
Alameda County Transportation Improvement Authority - 13	Association of California Water Agencies - Joint Powers Insurance Authority - 49
Alameda County Waste Management Authority - 43	Association of Monterey Bay Area Governments - 27
Alameda County Water District - 243	Atascadero Cemetery District - 4
Albany Municipal Services Joint Powers Authority - 23	Auburn Area Recreation and Park District - 94
Alhambra Redevelopment Agency - 8	Auburn Public Cemetery District - 8
Aliso Water Management Agency - 0	Avila Beach Community Services District - 1
Alliance of Schools for Cooperative Insurance Programs - 23	Aztec Shops, Ltd. - 112
Alpine Fire Protection District - 21	BETA Healthcare Group Risk Management Authority - 62
Alta California Regional Center, Inc. - 424	Baldwin Park Unified School District - 858
Alta Irrigation District - 39	Baldy Mesa Water District - 28
Altadena Library District - 25	Bard Water District - 22
Amador County Transportation Commission - 4	Bardsdale Cemetery District - 4
Amador Regional Transit District - 37	Barstow Cemetery District - 5
Amador Water Agency - 76	Bay Area Air Quality Management District - 430
American Canyon Fire District - 17	Bay Area Library and Information System - 3
American River Flood Control District - 7	Bay Area Water Supply and Conservation Agency - 7
Anderson Cemetery District - 1	Beach Cities Health District - 142
Anderson Fire Protection District - 7	Bear Mountain Recreation and Park District - 8
Angiola Water District - 5	Bear Valley Community Services District - 51
Antelope Valley Mosquito and Vector Control District - 5	Beaumont District Library - 10
Antelope Valley Schools Transportation Agency - 297	Beaumont-Cherry Valley Recreation and Park District - 20
Antelope Valley Transit Authority - 25	Beaumont-Cherry Valley Water District - 36
Apple Valley Fire Protection District - 70	Bella Vista Water District - 31
Aptos/La Selva Fire Protection Agency - 42	Belmont-San Carlos Fire Department - 50
Arbuckle-College City Fire Protection District - 4	

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

Belvedere-Tiburon Library Agency - 19	California Municipal Utilities Association - 4
Ben Lomond Fire Protection District - 1	California Pines Community Services District - 12
Benicia City Housing Authority - 17	California Redevelopment Association - 15
Bennett Valley Fire Protection District - 8	California School Boards Association - 181
Big Bear Area Regional Wastewater Agency - 21	California Special Districts Association - 24
Big Bear City Airport District - 7	California State and Federal Employees No. 20 Credit Union - 19
Big Bear City Community Services District - 83	California State University, Bakersfield Foundation - 71
Big Bear Municipal Water District - 11	California State University, Stanislaus Auxiliary and Business Services - 56
Bighorn-Desert View Water Agency - 12	California State University, Fresno Association, Inc. - 221
Black Gold Cooperative Library System - 18	California State University, Fresno Athletic Corporation - 140
Blanchard/Santa Paula Public Library District - 10	California State University, Sacramento Foundation - 0
Bodega Bay Fire Protection District - 22	Callayomi County Water District - 3
Bolinas Community Public Utility District - 6	Calleguas Municipal Water District - 72
Bolinas Fire Protection District - 2	Camarillo Health Care District - 69
Bonita-Sunnyside Fire Protection District - 18	Cambria Cemetery District - 0
Boron Community Services District - 2	Cambria Community Healthcare District - 8
Borrego Springs Fire Protection District - 29	Cambria Community Services District - 44
Borrego Water District - 15	Cameron Park Community Services District - 14
Boulder Creek Fire Protection District - 1	Camrosa Water District - 25
Branciforte Fire Protection District - 3	Capitol Area Development Authority - 58
Brannan-Andrus Levee Maintenance District - 1	Carmel Area Wastewater District - 24
Broadmoor Police Protection District - 17	Carmel Highlands Fire Protection District of Monterey County - 1
Brooktrails Township Community Services District - 14	Carmel Regional Fire Ambulance Authority - 5
Browns Valley Irrigation District - 12	Carmel Valley Fire Protection District - 17
Buena Park Library District - 27	Carmichael Water District - 38
Burney Basin Mosquito Abatement District - 1	Carpinteria Sanitary District - 17
Burney Fire District - 9	Carpinteria Valley Water District - 20
Burney Water District - 11	Casitas Municipal Water District - 55
Butte County Air Quality Management District - 13	Castaic Lake Water Agency - 109
Butte County Association of Governments - 9	Castro Valley Sanitary District - 15
Butte County In-Home Supportive Services Public Authority - 5	Castroville Water District - 8
Butte County Mosquito and Vector Control District - 18	Cawelo Water District - 18
Butte Schools Self-Funded Programs - 2	Cayucos Sanitary District - 8
Butte-Glenn Community College District - 439	Cayucos-Morro Bay Cemetery District - 4
Byron-Bethany Irrigation District - 14	Centerville Community Services District - 4
Cabrillo College Foundation - 7	Central Basin Municipal Water District - 50
Cachuma Operation and Maintenance Board - 20	Central Calaveras Fire and Rescue Protection District - 6
Cal Poly Corporation - 436	Central Coast Computing Authority - 9
Cal Poly Pomona Foundation, Inc. - 421	Central Coast Water Authority - 40
Calaveras County Water District - 94	Central Contra Costa Transit Authority - 403
Calaveras Public Utility District - 8	Central Fire Protection District of Santa Cruz County - 59
California Association for Park and Recreation Insurance - 3	Central Marin Sanitation Agency - 42
California Authority of Racing Fairs - 23	Central Sierra Child Support Agency - 33
California Bear Credit Union - 103	Central Sierra Planning Council - 4
California Fair Services Authority - 57	Central Valley Regional Center, Inc. - 410
California Fairs Financing Authority - 48	Central Water District - 4
California Firefighter's Joint Apprenticeship Committee - 36	Chester Fire Protection District - 8
California Interscholastic Federation, Central Coast Section - 5	Chester Public Utility District - 5
California Interscholastic Federation, Central Section - 3	Chico Area Recreation and Park District - 73
California Interscholastic Federation, North Coast Section - 8	Chino Basin Watermaster - 13
California Interscholastic Federation, Northern Section - 2	Chino Valley Independent Fire District - 134
California Interscholastic Federation, Sac-Joaquin Section - 5	Citrus Heights Water District - 29
California Interscholastic Federation, San Diego Section - 3	Clear Creek Community Services District - 11
California Interscholastic Federation, Southern Section - 16	Clearlake Oaks County Water District - 20
California Interscholastic Federation, State Office - 15	Clearlake Oaks Fire Protection District - 5
California Joint Powers Insurance Authority - 26	Cloverdale Citrus Fair - 5
California Joint Powers Risk Management Authority - 5	Cloverdale Fire Protection District - 5
California Maritime Academy Foundation, Inc. - 2	Clovis Cemetery District - 14

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

Coachella Valley Association of Governments - 26	Del Puerto Water District - 4
Coachella Valley Mosquito Abatement District - 73	Del Rey Community Services District - 4
Coachella Valley Public Cemetery District - 6	Delano Mosquito Abatement District - 6
Coachella Valley Water District - 609	Delta Diablo Sanitation District - 70
Coalinga-Huron Cemetery District - 1	Delta Vector Control District - 18
Coalinga-Huron Mosquito Abatement District - 0	Denair Community Services District - 6
Coalinga-Huron Recreation and Park District - 21	Desert Water Agency - 92
Coalinga-Huron Unified School District Library District - 9	Diablo Water District - 15
Coast Life Support District - 9	Diamond Springs/El Dorado Fire Protection District - 24
Coastal Developmental Services Foundation, DBA Westside Regional Center - 271	Dixon Public Library District - 16
Coastal Municipal Water District - 0	Donald P. and Katherine B. Loker University Student Union, Inc. - 11
Coastside County Water District - 23	Dougherty Regional Fire Authority - 8
Colfax Cemetery District - 3	Downey Cemetery District - 0
College Town - 0	Dublin San Ramon Services District - 127
College of the Canyons Foundation - 3	Durham Mosquito Abatement District - 1
Colusa County One-Stop Partnership - 21	East Bay Dischargers Authority - 3
Colusa Mosquito Abatement District - 5	East Bay Regional Park District - 654
Community College League of California - 25	East Contra Costa Irrigation District - 19
Community Development Commission of Los Angeles County - 1,203	East County Fire Protection District - 47
Community Development Commission of Mendocino County - 40	East Kern Airport District - 33
Community Development Commission of the City of National City - 52	East Orange County Water District - 10
Compton Creek Mosquito Abatement District - 1	East Palo Alto Sanitary District - 10
Compton Unified School District - 1,824	East Quincy Services District - 6
Conejo Recreation and Park District - 262	East San Gabriel Valley Human Services Consortium - 87
Consolidated Area Housing, Sutter County - 44	East Valley Water District - 82
Consolidated Mosquito Abatement District - 25	Eastern Municipal Water District - 696
Contra Costa Community College District - 902	Eastern Sierra Transit Authority - 3
Contra Costa County Law Library - 4	Ebbetts Pass Fire Protection District - 29
Contra Costa County Schools Insurance Group - 68	El Dorado County Fire Protection District - 89
Contra Costa Transportation Authority - 20	El Dorado County Transit Authority - 102
Cooperative Organization for the Development of Employee Selection Procedures - 13	El Dorado County Transportation Commission - 5
Cooperative Personnel Services - 469	El Dorado Hills Community Services District - 57
Copperopolis Fire Protection District - 8	El Dorado Hills County Water District - 62
Cordelia Fire Protection District of Solano County - 5	El Dorado Irrigation District - 359
Cordova Recreation and Park District - 49	Elsinore Valley Municipal Water District - 196
Corning Water District - 5	Encina Wastewater Authority - 85
Costa Mesa Sanitary District - 8	Esparto Community Services District - 8
Cosumnes Community Services District - 620	Esparto Fire Protection District - 2
Cottonwood Fire Protection District - 4	Esteros Municipal Improvement District - 285
Cottonwood Water District - 3	Exeter District Ambulance - 22
Crescent City Harbor District - 14	Fair Oaks Recreation & Park District - 58
Crescenta Valley Water District - 36	Fair Oaks Water District - 55
Crestline Lake Arrowhead Water Agency - 12	Fairfield-Suisun Sewer District - 35
Crestline Village Water District - 13	Fall River Mills Community Services District - 4
Crockett-Valona Sanitary District - 1	Fallbrook Public Utility District - 79
CSAC Excess Insurance Authority - 55	Far Northern Regional Center - 207
Cucamonga Valley Water District - 153	Feather River Air Quality Management District - 13
Cutler Public Utility District - 4	Feather River Recreation and Park District - 29
Cutler-Orosi Joint Powers Wastewater Authority - 3	Feather Water District - 5
Cuyama Valley Recreation District - 1	Felton Fire Protection District - 2
Dairy Council of California - 109	Fern Valley Water District - 5
Daly City Redevelopment Agency - 0	Florin County Water District - 11
Davis Cemetery District - 5	Florin Resource Conservation District/Elk Grove Water Works - 22
Deer Springs Fire Protection District - 0	Fontana Unified School District - 1,567
Del Norte County Library District - 4	Foothill Municipal Water District - 7
Del Paso Manor Water District - 4	Foresthill Public Utility District - 11
	Forestville County Water District - 2
	Forestville Fire Protection District - 7

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

Fort Bragg Fire Protection Authority - 4	Hilton Creek Community Services District - 2
Fort Ord Reuse Authority - 18	Hopland Public Utility District - 2
Foundation for California Community Colleges - 112	Housing Authority of the City of Calexico - 28
Fresno City Housing Authority - 157	Housing Authority of the City of Eureka - 25
Fresno County Housing Authority - 155	Housing Authority of the City of Livermore - 19
Fresno County Law Library - 6	Housing Authority of the City of Los Angeles - 1,420
Fresno Westside Mosquito Abatement District - 7	Housing Authority of the City of Madera - 60
Fruitridge Fire Protection District - 0	Housing Authority of the City of San Buenaventura - 45
Fullerton California State University, Associated Students - 76	Housing Authority of the City of San Luis Obispo - 43
Fulton-El Camino Recreation and Parks District - 20	Housing Authority of the City of South San Francisco - 4
Galt Fire Protection District - 7	Housing Authority of the County of Butte - 52
Garden Valley Fire Protection District - 8	Housing Authority of the County of Santa Cruz - 85
Georgetown Divide Public Utility District - 22	Hub Cities Consortium - 51
Georgetown Fire Protection District - 17	Human Rights/Fair Housing Commission of the City and County of Sacramento - 31
Gilsizer County Drainage District - 5	Humboldt Bay Harbor Recreation and Conservation District - 18
Glen Ellen Fire Protection District - 5	Humboldt Bay Municipal Water District - 26
Glendale College, Associated Students - 20	Humboldt Community Services District - 24
Glendale Community College District - 429	Humboldt County Association of Governments - 3
Glenn County Mosquito and Vector Control District - 1	Humboldt No. 1 Fire Protection District of Humboldt County - 23
Gold Ridge Fire Protection District - 8	Humboldt State College University Center - 76
Gold Ridge Resource Conservation District - 3	Humboldt Transit Authority - 56
Golden Gate Bridge Highway and Transportation District - 609	Humboldt Waste Management Authority - 37
Golden Sierra Job Training Agency - 33	Idyllwild Fire Protection District - 10
Goleta Sanitary District - 46	Independent Cities Association, Inc. - 0
Goleta Water District - 67	Indian Wells Valley Water District - 42
Goleta West Sanitary District - 9	Inland Counties Regional Center, Inc. - 721
Grant Elementary School District - 56	Inland Empire Health Plan - 557
Great Basin Unified Air Pollution Control District - 31	Inland Empire Resource Conservation District - 20
Greater Anaheim Special Education Local Plan Area - 65	Inland Empire Utilities Agency - 371
Greater Los Angeles County Vector Control District - 70	Intelecom Intelligent Telecommunications - 50
Greater Vallejo Recreation District - 42	Intergovernmental Training and Development Center - 10
Green Valley County Water District - 2	Inverness Public Utility District - 4
Greenfield Fire Protection District - 3	Ironhouse Sanitary District - 32
Gridley Biggs Cemetery District - 6	Irvine Child Care Project - 0
Grossmont Healthcare District - 7	Irvine Ranch Water District - 386
Grossmont Schools Federal Credit Union - 29	Isla Vista Recreation and Park District - 15
Grossmont-Cuyamaca Community College District - 640	Jackson Valley Irrigation District - 2
Groveland Community Services District - 39	Jamestown Sanitary District - 3
Gualala Community Services District - 4	Janesville Fire Protection District - 1
Hacienda La Puente Unified School District - 1,386	June Lake Public Utility District - 10
Half Moon Bay Fire Protection District - 43	Jurupa Area Recreation and Park District - 15
Hamilton Branch Fire Protection District - 1	Jurupa Community Services District - 108
Happy Camp Sanitary District - 2	Kaweah Delta Water Conservation District - 25
Happy Homestead Cemetery District - 2	Kelseyville Fire Protection District - 15
Happy Valley Fire District - 3	Kensington Community Service District - 11
Hayward Area Recreation and Park District - 173	Kentfield Fire Protection District - 14
Hayward California State University, Auxiliary Foundation, Inc. - 192	Kenwood Fire Protection District - 2
Heartland Communications Facility Authority - 42	Kern County Public Cemetery District No. 1 - 8
Heber Public Utility District - 14	Kern County Council of Governments - 22
Helix Water District - 184	Kern County Housing Authority - 149
Henry Miller Reclamation District No.2131 - 45	Kern County Law Library - 4
Herald Fire Protection District - 1	Kern County Local Agency Formation Commission - 1
Heritage Ranch Community Services District - 15	Kern Health Systems - 244
Hesperia County Water District - 67	Kern River Valley Cemetery District - 3
Hesperia Fire Protection District - 51	Kettleman City Community Services District - 4
Hi-Desert Water District - 58	Kings County Area Public Transit Agency - 16
Hidden Valley Lake Community Services District - 20	Kings County In-Home Supportive Services Public Authority - 3
Higgins Area Fire Protection District - 24	

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

Kings Mosquito Abatement District - 13
Kings Waste and Recycling Authority - 95
Kinneloa Irrigation District - 3
Kirkwood Meadows Public Utilities District - 14
Konociti County Water District - 10
La Branza Water District - 0
La Habra Heights County Water District - 11
La Puente Valley County Water District - 16
Laguna Beach County Water District - 47
Lake Arrowhead Community Services District - 64
Lake County Vector Control District - 9
Lake Don Pedro Community Services District - 8
Lake Hemet Municipal Water District - 64
Lake Oroville Area Public Utility District - 9
Lake Shastina Community Services District - 15
Lake Valley Fire Protection District - 28
Lakeport County Fire Protection District - 19
Lakeshore Fire Protection District - 30
Lakeside Fire Protection District - 72
Lakeside Water District - 13
Lamont Public Utility District - 2
Las Gallinas Valley Sanitary District of Marin County - 16
Las Virgenes Municipal Water District - 163
Lassen County Waterworks District No. 1 - 1
League of California Cities - 123
Leucadia Wastewater District - 26
Levee District No. 1 of Sutter County - 2
Linda County Water District - 11
Linda Fire Protection District - 14
Linden-Peters Rural County Fire Protection District - 11
Lindsay Strathmore Public Cemetery District - 5
Little Lake Fire Protection District - 4
Littlerock Creek Irrigation District - 6
Live Oak Cemetery District - 3
Livermore/Amador Valley Transit Authority - 16
Local Agency Formation Commission of Monterey County - 4
Local Government Services Authority, a Joint Powers Authority - 31
Lompico County Water District - 2
Long Beach City College, Associated Student Body Enterprises - 31
Long Beach State University, Associated Students - 75
Long Beach State University, Forty-Niner Shops, Inc. - 76
Los Alamos Community Services District - 7
Los Angeles City Community Redevelopment Agency - 276
Los Angeles County Area 'E' Civil Defense and Disaster Board - 1
Los Angeles County Housing Authority - 0
Los Angeles County Law Library - 52
Los Angeles County Sanitation District No. 2 - 2,125
Los Angeles County West Vector Control District - 46
Los Angeles Memorial Coliseum Commission - 40
Los Angeles Regionalized Insurance Services Authority - 0
Los Angeles to Pasadena Metro Blue Line Construction Authority - 16
Los Gatos-Saratoga Department of Community Education and Recreation - 52
Los Osos Community Services District - 32
Lower Lake Cemetery District - 3
Lower Lake County Waterworks District No. 1 - 5
Lower Lake Fire Protection District - 2
Lower Tule River Irrigation District - 32
Lucerne Recreation and Park District - 5
Madera Cemetery District - 19
Madera County Economic Development Commission - 1
Madera County Mosquito and Vector Control District - 11
Main San Gabriel Basin Watermaster - 12
Majestic Pines Community Services District - 3
Mammoth Lakes Fire District - 14
Management of Emeryville Services Authority - 145
March Joint Powers Authority - 17
Marin Children and Families Commission - 8
Marin Community College District - 265
Marin County Housing Authority - 103
Marin County In-Home Supportive Services Public Authority - 4
Marin County Sanitary District No. 1 - 23
Marin Healthcare District - 1
Marin Municipal Water District - 298
Marina Coast Water District - 41
Marinwood Community Services District - 25
Mariposa Public Utility District - 5
Maxwell Public Utility District - 4
McCloud Community Services District - 11
McFarland Recreation and Park District - 6
McKinleyville Community Services District - 32
Meeks Bay Fire Protection District - 6
Meiners Oaks County Water District - 6
Mendocino City Community Services District - 4
Mendocino Transit Authority - 66
Menlo Park Fire Protection District - 105
Merced County Housing Authority - 80
Merced County Mosquito Abatement District - 14
Merced Irrigation District - 226
Merritt College Associated Students, Inc. - 0
Mesa Consolidated Water District - 83
Metropolitan Cooperative Library System - 23
Metropolitan Transportation Commission - 202
Metropolitan Water District of Southern California - 2,221
Mid-City Development Corporation - 1
Mid-Peninsula Water District - 26
Mid-Placer Public Schools Transportation Agency - 107
Midpeninsula Regional Open Space District - 126
Midway City Sanitary District - 42
Millview County Water District - 6
Minter Field Airport District - 13
Mission Springs Water District - 66
Mojave Water Agency - 36
Mokelumne Rural Fire District - 10
Monte Vista County Water District - 42
Montecito Fire Protection District - 50
Montecito Sanitary District of Santa Barbara County - 17
Montecito Water District - 31
Monterey Bay Unified Air Pollution Control District - 44
Monterey County Water Resources Agency - 75
Monterey Peninsula Airport District - 66
Monterey Peninsula Regional Park District - 12
Monterey Peninsula Water Management District - 36
Monterey Regional Waste Management District - 182
Monterey Regional Water Pollution Control Agency - 100
Monterey-Salinas Transit - 346

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

Montezuma Fire Protection District - 7
Morongo Basin Transit Authority - 52
Mother Lode Job Training Agency - 30
Moulton-Niguel Water District - 127
Mountain-Valley Library System - 1
Mountains Recreation and Conservation Authority - 236
Mt. View Sanitary District of Contra Costa County - 17
Mt. San Antonio College Auxiliary Services - 61
Municipal Water District of Orange County - 33
Murphys Sanitary District - 5
Murrieta Fire Protection District - 48
Murrieta Valley Cemetery District - 3
Napa County Mosquito Abatement District - 8
Napa County Resource Conservation District - 16
Napa Sanitation District - 51
National Orange Show - 115
Natomas Fire Protection District - 0
Nevada Cemetery District - 3
Nevada County Consolidated Fire District - 58
Nevada County Local Agency Formation Commission - 3
Nevada Irrigation District - 185
Nevada-Sierra Regional IHSS Public Authority - 11
Newcastle, Rocklin, Gold Hill Cemetery District - 6
Newhall County Water District - 49
Newport Beach City Employees Federal Credit Union - 6
Nice Community Services District - 7
Niland Fire District - 1
Niland Sanitary District - 0
Nipomo Community Services District - 16
North Bay Cooperative Library System - 10
North Bay Regional Center - 220
North Bay Schools Insurance Authority - 28
North Central Counties Consortium - 18
North Coast County Water District - 26
North Coast Railroad Authority - 2
North Coast Unified Air Quality Management District - 16
North County Fire Protection District of Monterey County - 32
North County Fire Protection District of San Diego County - 94
North County Transit District - 826
North Kern Cemetery District - 5
North Kern Water Storage District - 29
North Kern-South Tulare Hospital District - 193
North Los Angeles County Regional Center, Inc. - 562
North Marin Water District - 78
North of the River Municipal Water District - 9
North of the River Recreation and Park District - 248
North State Cooperative Library System - 9
North Tahoe Fire Protection District - 53
Northern California Power Agency - 180
Northern California Special Districts Insurance Authority - 2
Northern Sierra Air Quality Management District - 9
Northstar Community Services District - 43
Northwest Mosquito and Vector Control District - 21
Novato Sanitary District - 32
Oakdale Irrigation District - 86
Oakdale Rural Fire Protection District - 19
Oakland City Housing Authority - 388
Oakland Unified School District - 2,856
Oceano Community Services District - 23
Ojai Valley Sanitary District - 24
Olcese Water District - 1
Olivenhain Municipal Water District - 103
Omnitrans - 1,035
Ophir Hill Fire Protection District - 7
Orange County Health Authority (CalOptima) - 645
Orange County Transportation Authority - 10
Orange County Vector Control District - 51
Orange Cove Fire Protection District of Fresno and Tulare Counties - 1
Orchard Dale County Water District - 8
Orland Cemetery District - 3
Oro Loma Sanitary District - 54
Orosi Public Utility District - 6
Oroville Cemetery District - 7
Oroville Mosquito Abatement District - 1
Otay Water District - 253
Oxnard Drainage District No. 2 - 0
Oxnard Harbor District - 32
Pacific Fire Protection District - 1
Padre Dam Municipal Water District - 147
Pajaro Valley Fire Protection Agency - 1
Pajaro Valley Public Cemetery District - 9
Pajaro Valley Water Management Agency - 26
Palm Ranch Irrigation District - 4
Palmdale Water District - 109
Palo Verde Cemetery District - 10
Palo Verde Valley District Library - 5
Palos Verdes Library District - 63
Paradise Recreation and Park District - 28
Pasadena City College Bookstore - 12
Pasadena Unified School District - 1,480
Paso Robles City Housing Authority - 9
Patterson Irrigation District - 14
Pauma Valley Community Services District - 31
Peardale Chicago Park Fire Protection District - 2
Pebble Beach Community Services District - 14
Peninsula Fire Protection District - 10
Peninsula Traffic Congestion Relief Alliance - 14
Penn Valley Fire Protection District - 21
Personal Assistance Services Council - 27
Pico Water District - 19
Pine Cove Water District - 5
Pine Grove Mosquito Abatement District - 1
Pinedale County Water District - 9
Pioneer Cemetery District - 4
Pixley Irrigation District - 8
Placer Consolidated Fire Protection District - 10
Placer County Cemetery District No. 1 - 4
Placer County Resource Conservation District - 3
Placer County Transportation Commission - 10
Placer County Water Agency - 191
Placer Hills Fire Protection District - 19
Placer Mosquito Abatement District - 14
Planning and Service Area II Area Agency on Aging - 7
Pleasant Hill-Martinez Joint Facilities Agency - 162
Pleasant Hill Recreation and Park District - 64
Pleasant Valley County Water District - 5

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

Pleasant Valley Recreation and Park District - 95	Riverside County Law Library - 11
Plumas Eureka Community Services District - 3	Riverside County Regional Park and Open Space District - 130
Plumas Local Agency Formation Commission - 1	Riverside County Transportation Commission - 52
Point Montara Fire Protection District - 0	Riverside County Waste Resources Management District - 88
Pomerado Cemetery District - 6	Riverside Transit Agency - 546
Pomona Valley Transportation Authority - 3	Riverview Water District - 12
Pomona, California State Polytechnic University, Associated Students, Inc. - 58	Rockville Cemetery District - 4
Port San Luis Harbor District - 30	Rosamond Community Services District - 26
Porter Vista Public Utility District - 2	Rose Bowl Operating Company - 26
Porterville Irrigation District - 4	Rosedale-Rio Bravo Water Storage District - 6
Porterville Public Cemetery District - 11	Roseville Public Cemetery District - 12
Provident Central Credit Union - 1	Ross Valley Fire Service - 27
Public Agency Risk Sharing Authority of California - 5	Rowland Water District - 26
Public Entity Risk Management Authority - 8	Rubidoux Community Services District - 24
Public Transportation Services Corporation - 2,231	Running Springs Water District - 45
Pupil Transportation Cooperative - 185	Russian River Fire Protection District - 21
Purissima Hills County Water District - 10	Sacramento Area Council of Governments - 72
Quartz Hill Water District - 20	Sacramento City Housing Authority - 385
Quincy Community Services District - 13	Sacramento County Public Law Library - 25
Rag Gulch Water District - 6	Sacramento Metropolitan Air Quality Management District - 122
Rainbow Municipal Water District - 62	Sacramento Metropolitan Cable Television Commission - 14
Ramona Municipal Water District - 71	Sacramento Metropolitan Fire District - 760
Rancho Adobe Fire Protection District - 28	Sacramento Municipal Utility District - 2,685
Rancho California Water District - 145	Sacramento Public Library Authority - 409
Rancho Cucamonga Fire Protection District - 110	Sacramento Regional Fire/EMS Communications Center - 82
Rancho Murieta Community Services District - 53	Sacramento Suburban Water District - 58
Rancho Santa Fe Fire Protection District - 92	Sacramento Transportation Authority - 4
Rancho Santiago Community College, Associated Students - 2	Sacramento-Yolo Mosquito and Vector Control District - 95
Rancho Simi Recreation & Park District - 225	Salida Fire Protection District - 11
Reclamation District No. 3 - 3	Salinas Rural Fire District - 33
Reclamation District No. 833 - 2	Salinas Valley Solid Waste Authority - 21
Reclamation District No. 999 - 4	Salton Community Services District - 28
Reclamation District No. 1000 - 11	Samoa Peninsula Fire Protection District - 0
Reclamation District No. 1001 - 13	San Andreas Regional Center, Inc. - 347
Reclamation District No. 1660 - 0	San Andreas Sanitary District - 6
Red Bluff Cemetery District - 6	San Benito County Water District - 38
Redevelopment Agency of City of Fresno - 14	San Bernardino County Housing Authority - 167
Redwood Coast Regional Center - 129	San Bernardino County Transportation Authority - 0
Redwood Empire Municipal Insurance Fund - 14	San Bernardino Economic Development Agency - 28
Redwood Empire School Insurance Group - 24	San Bernardino Valley Municipal Water District - 29
Reedley Cemetery District - 7	San Bernardino Valley Water Conservation District - 10
Regional Center of Orange County - 508	San Bernardino, California State University, Foundation - 302
Regional Center of the East Bay - 449	San Bernardino, California State University, Student Union - 18
Regional Council of Rural Counties - 72	San Diego Association of Governments - 231
Regional Water Authority - 3	San Diego County Law Library - 56
Rescue Fire Protection District - 8	San Diego County Water Authority - 355
Resort Improvement District No. 1 - 20	San Diego Metropolitan Transit Development Board - 157
Richardson Bay Sanitary District - 5	San Diego Pooled Insurance Program Authority - 1
Rincon Del Diablo Municipal Water District - 26	San Diego Rural Fire Protection District - 16
Rincon Valley Fire Protection District - 28	San Diego State University, Associated Students - 31
Rio Alto Water District - 9	San Diego Trolley, Inc. - 706
Rio Linda Elverta Community Water District - 19	San Diego Unified School District - 9,874
Rio Vista Cemetery District - 3	San Dieguito Water District - 15
Riverbank City Housing Authority - 1	San Elijo Joint Powers Authority - 24
Riverside County Air Pollution Control District - 0	San Francisco Bay Area Rapid Transit District - 3,700
Riverside County Citrus Pest Control District No. 2 - 2	San Francisco City and County Housing Authority - 350
Riverside County Flood Control and Water Conservation District - 266	San Francisco City and County Redevelopment Agency - 170
	San Francisco Community College District Bookstore Auxiliary - 18

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

San Francisco County Law Library - 12
San Francisco County Transportation Authority - 39
San Francisco Health Authority - 169
San Francisquito Creek Joint Powers Authority - 4
San Gabriel County Water District - 18
San Gabriel Valley Council of Governments - 12
San Gabriel Valley Mosquito and Vector Control District - 29
San Gabriel Valley Municipal Water District - 9
San Geronio Pass Water Agency - 3
San Jacinto Valley Cemetery District - 7
San Joaquin County Housing Authority - 113
San Joaquin County IHSS Public Authority - 10
San Joaquin Delta Community College District - 575
San Joaquin County Local Health District - 0
San Joaquin Health Plan - 147
San Juan Water District - 54
San Lorenzo Valley Water District - 31
San Luis Obispo, Cal Poly, Associated Students, Inc. - 113
San Luis Obispo Council of Governments - 16
San Luis Obispo Regional Transit Authority - 11
San Luis Water District - 22
San Mateo County Harbor District - 55
San Mateo County In-Home Supportive Services Public Authority - 8
San Mateo County Law Library - 4
San Mateo County Schools Insurance Group - 11
San Mateo County Transit District - 947
San Mateo Local Agency Formation Commission - 1
San Miguel Community Services District - 6
San Miguel Consolidated Fire Protection District - 88
San Pablo City Housing Authority - 4
San Simeon Community Services District - 1
Sanger Cemetery District - 7
Sanitary District No. 5 of Marin County - 10
Santa Ana River Flood Protection Agency - 0
Santa Ana Unified School District - 2,538
Santa Ana Watershed Project Authority - 27
Santa Barbara County Law Library - 3
Santa Barbara County Special Education Local Plan Area - 232
Santa Barbara Regional Health Authority - 188
Santa Clara County Central Fire Protection District - 278
Santa Clara County Health Authority - 184
Santa Clara County Law Library - 7
Santa Clara County Open Space Authority - 17
Santa Clara County Schools Insurance Group - 8
Santa Clara County Traffic Authority - 2
Santa Clara Valley Transportation Authority - 843
Santa Clara Valley Water District - 909
Santa Clarita Valley School Food Services Agency - 143
Santa Cruz Consolidated Emergency Communications Center - 86
Santa Cruz County Law Library - 3
Santa Cruz County Regional Transportation Commission - 21
Santa Cruz Local Agency Formation Commission - 1
Santa Cruz Metropolitan Transit District - 402
Santa Fe Irrigation District - 56
Santa Margarita Water District - 178
Santa Maria Public Airport District - 18
Santa Monica Community College District - 624
Santa Nella County Water District - 7
Santa Paula City Housing Authority - 9
Santa Rosa Community Services District - 4
Santa Ynez River Water Conservation District, Improvement District No. 1 - 17
Saratoga Fire Protection District - 30
Sausalito-Marín City Sanitary District - 7
School Risk and Insurance Management Group - 7
Schools Excess Liability Fund - 11
Schools Insurance Authority - 84
Scotts Valley Fire Protection District - 30
Scotts Valley Water District - 20
Selma Cemetery District - 8
Selma-Kingsburg-Fowler County Sanitation District - 35
Serrano Water District - 15
Sewer Authority Mid-Coastside - 20
Sewerage Commission-Oroville Region - 10
Shafter Wasco Irrigation District - 10
Shasta Area Safety Communications Agency - 69
Shasta Community Services District - 4
Shasta Lake Fire Protection District - 12
Shasta Mosquito and Vector Control District - 14
Shasta Valley Cemetery District - 3
Shiloh Public Cemetery District - 5
Sierra Lakes County Water District - 6
Sierra-Sacramento Valley Emergency Medical Services Agency - 12
Silicon Valley Animal Control Authority - 19
Silveyville Cemetery District - 5
Solano County Mosquito Abatement District - 9
Solano County Water Agency - 14
Solano Irrigation District - 112
Solano Transportation Authority - 20
Soledad Community Health Care District - 0
Sonoma County Library - 173
Sonoma State Enterprises, Inc. - 13
Sonoma Student Union Corporation - 11
Soquel Creek Water District - 47
South Bay Regional Public Communications Authority - 93
South Bayside System Authority - 74
South Central Los Angeles Regional Center for Developmentally Disabled Persons - 316
South Coast Area Transit - 213
South Coast Water District - 101
South East Regional Reclamation Authority - 0
South Kern Cemetery District - 2
South Lake County Fire Protection District - 2
South Orange County Wastewater Authority - 84
South Placer Fire District - 59
South Placer Municipal Utility District - 25
South San Joaquin Irrigation District - 97
South San Luis Obispo County Sanitation District - 13
South Tahoe Public Utility District - 119
Southeast Area Social Services Funding Authority - 75
Southern California Association of Governments - 222
Southern California Public Power Authority - 9
Southern California Regional Rail Authority - 241
Southern San Joaquin Municipal Utility District - 13
Southern Sonoma County Resource Conservation District - 6
Southwest Transportation Agency - 138

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

Special District Risk Management Authority - 25
Squaw Valley Public Service District - 30
Stallion Springs Community Services District - 15
Stanislaus Consolidated Fire Protection District - 56
Stanislaus County Housing Authority - 113
State Bar of California - 817
State Water Contractors - 9
Stege Sanitary District - 16
Stinson Beach County Water District - 11
Stockton East Water District - 38
Stockton Unified School District - 1,434
Strawberry Recreation District - 11
Suisun Fire Protection District - 1
Suisun Resource Conservation District - 11
Suisun-Fairfield Cemetery District - 3
Summit Cemetery District - 11
Sunnyslope County Water District - 16
Susanville Consolidated Sanitary District - 11
Sutter Cemetery District - 14
Sweetwater Authority - 169
Sweetwater Springs Water District - 14
Sylvan Cemetery District - 4
Tahoe City Public Utility District - 61
Tahoe Transportation District - 0
Tahoe-Truckee Sanitation Agency - 66
Tehachapi-Cummings County Water District - 20
Tehachapi Valley Recreation and Park District - 4
Tehama County Mosquito Abatement District - 6
Templeton Community Services District - 22
Thermalito Irrigation District - 10
Three Arch Bay Community Services District - 1
Three Rivers Community Services District - 1
Three Valleys Municipal Water District - 27
Tiburon Fire Protection District - 26
Torrance City Redevelopment Agency - 0
Trabuco Canyon Water District - 41
Tracy Rural County Fire Protection District - 3
Transportation Agency for Monterey County - 15
Treasure Island Development Authority - 0
Tri-City Mental Health Center - 266
Tri-Counties Association for the Developmentally Disabled - 399
Tri-County Schools Insurance Group - 9
Tri-Dam Housing and Personnel Agency - 21
Trinity County Waterworks District No. 1 - 5
Trinity Public Utilities District - 28
Truckee Donner Public Utility District - 73
Truckee Fire Protection District - 43
Truckee Sanitary District - 43
Truckee Tahoe Airport District - 42
Tulare Mosquito Abatement District - 5
Tulare Public Cemetery District - 9
Tuolumne Utilities District - 86
Turlock Mosquito Abatement District - 14
Twain Harte Community Services District - 12
Twentynine Palms Water District - 38
Twin Cities Police Authority - 59
Ukiah Valley Fire District - 12
Union Public Utility District - 9
Union Sanitary District - 158
United Water Conservation District - 78
Upland City Housing Authority - 32
Upper Lake Fire Protection District - 0
Upper San Gabriel Valley Municipal Water District - 9
Vacaville Fire Protection District - 9
Vacaville-Elmira Cemetery District - 10
Vallecitos Water District - 117
Vallejo Sanitation and Flood Control District - 95
Valley Center Municipal Water District - 87
Valley County Water District - 34
Valley Mountain Regional Center, Inc. - 407
Valley Sanitary District - 22
Valley Springs Public Utility District - 4
Valley of the Moon Water District - 21
Valley-Wide Recreation and Park District - 111
Vandenberg Village Community Services District - 12
Ventura College Foundation - 6
Ventura County Law Library - 5
Ventura County Schools Business Services Authority - 12
Ventura County Schools Self-Funding Authority - 6
Ventura County Transportation Commission - 24
Ventura Port District - 46
Ventura River County Water District - 6
Veterans Home of California Post Fund - 28
Victor Valley Wastewater Reclamation Authority - 52
Victor Valley Water District - 105
Visalia Public Cemetery District - 10
Vista Irrigation District - 120
Walnut Valley Water District - 70
Walton Fire Protection District - 0
Wasco Recreation and Park District - 9
Washington Colony Cemetery District - 4
Water Facilities Authority - 9
Water Replenishment District of Southern California - 46
Weaverville Community Services District - 9
Weaverville Fire Protection District - 0
Weaverville Sanitary District - 3
West Almanor Community Services District - 3
West Basin Municipal Water District - 32
West Bay Sanitary District - 37
West Cities Communication Center - 29
West Contra Costa Integrated Waste Management Authority - 6
West County Transportation Agency - 138
West County Wastewater District - 63
West End Communications Authority - 1
West Kern Water District - 41
West Stanislaus Irrigation District - 18
West Valley Mosquito and Vector Control District - 5
West Valley Sanitation District of Santa Clara County - 30
West Valley Water District - 63
West Valley-Mission Community College District - 472
Westborough Water District - 6
Western Contra Costa Transit Authority - 6
Western Municipal Water District - 139
Western Riverside Council of Governments - 36
Westlands Water District - 135
Westwood Community Services District - 8

CalPERS PUBLIC AGENCY EMPLOYERS (continued)

Districts & Other Public Agencies

Wheeler Ridge-Maricopa Water Storage District - 50
Wildomar Cemetery District - 4
Willow County Water District - 4
Willow Creek Community Services District - 6
Willows Cemetery District - 3
Wilton Fire Protection District - 2
Windsor Fire Protection District - 16
Winterhaven Water District - 3
Winters Cemetery District - 3
Winters Fire Protection District - 8
Winton Water and Sanitary District - 8
Woodbridge Rural County Fire Protection District - 48
Woodlake Fire District - 2

Woodside Fire Protection District - 51
Yolo County Communications Emergency Services Agency - 56
Yolo County Federal Credit Union - 107
Yolo County Housing Authority - 56
Yolo County In-Home Supportive Services Public Authority - 5
Yolo County Public Agency Risk Management Insurance Authority - 8
Yolo County Transportation District - 13
Yolo-Solano Air Quality Management District - 32
Yorba Linda Water District - 80
Yuba County Water Agency - 36
Yuba Sutter Transit Authority - 3
Yucaipa Valley Water District - 84
Yuima Municipal Water District - 12

Total Districts & Other Public Agencies - 1,016

JUDGES' RETIREMENT SYSTEM PROGRAM DATA

Primary Benefits

The Judges' Retirement System (JRS) was established in 1937. The operational activities of the JRS were transferred from the State Controller's Office to CalPERS in 1979. Benefits payable through the JRS are financed by the General Fund, the payroll contributions of members, and the State's contribution as an employer. Both employer and members contribute at the rate of 8 percent of compensation.

Membership

The Judges' Retirement System provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, Superior Court Judges, and beneficiaries.

Service Retirement

Retirement Age

Members must be at least age 60 with 20 years of service, or age 70 with at least 10 years of service.

Retirement Benefit Formula

The retirement allowance is a percentage of the current salary of the last judicial office held and is increased proportionally with active judicial salaries. The allowance is based on a member's age and years of service as follows:

Age	Years of Service	Retirement Allowance
60–70	20	75%
66	18	65%
67	16	65%
68	14	65%
69	12	65%
70	10	65%

Judges can work as long as they want and receive their full pension of either 65 percent or 75 percent (depending on credited service). In addition, a surviving spouse benefit of at least one-half of the judge's allowance is provided.

Deferred Retirement

Judges are eligible for deferred retirement at any age if they have at least five years of service. However, judges are not paid the allowance until they reach the age they would be eligible for normal retirement if they had remained in office. A judge must be at least age 63, or age 60 with 20 years of service, to receive a retirement allowance. The allowance is based on years of service multiplied by a percentage of the judge's final salary — varying from 2 percent for five years to 3.75 percent for 12 or more years of service. The maximum benefit they can receive is 75 percent of salary.

Disability Retirement (Non-Work Related)

Judges must apply to the Commission on Judicial Performance to receive a disability retirement. There is no age requirement.

The service requirement is four years. The retirement allowance is 65 percent of the judge's final salary, or 75 percent of their final salary if the judge has 20 or more years of service.

JUDGES' RETIREMENT SYSTEM PROGRAM DATA (continued)

Disability Retirement (Work Related)

Judges receive the same amount as those for a non-work related disability. Any person becoming a judge between January 1, 1980 and December 31, 1988, must have at least two years of judicial service; or after January 1, 1989, must have four years of judicial service, unless the disability is a result of injury or disease arising out of and in the course of judicial service.

Death Benefits (Before Retirement)

Not Eligible to Retire

Spouses or registered domestic partners can receive 25 percent of current active judges' salary for life or return of contributions plus one month's salary, for each year of service not to exceed six months; or the surviving spouse or registered domestic partner can elect a monthly allowance for life, if the judge had paid an extra \$2 per month and had 10 to 20 years of service. This allowance would be equal to 1.625 percent of the salary multiplied by the number of years of service.

Eligible to Retire

Spouses or registered domestic partners receive one-half of what the retirement allowance would have been if the judge had retired on date of death.

Death Benefits (After Retirement)

Spouses or registered domestic partners receive one-half of the retirement pension for life, if the member retired with the standard retirement benefit formula, or on disability.

Judges may elect to take a reduced retirement allowance in order to enhance the survivor benefits to their spouse, registered domestic partner, or a designated beneficiary.

Cost-Of-Living Adjustments (COLA)

The allowance increases are based on the current salary of an active judge. Retirees receive the same increase as active judges.

Active Members & Former Judges on Deferred Retirement

Active	683
Deferred Retirement	73
Total Active & Deferred Members	756

Benefit Recipients by Retirement Type

Category	Retired Judges	Survivors & Beneficiaries	Total
Service Retirement	305	305	610
Disability Retirement	52	—	52
Deferred Retirement	458	153	611
Optional Settlement	317	35	352
Pre-Retirement Survivor	—	77	72
Total	1,132	570	1,702

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$121,329,062
Disability Retirement	5,531,472
Beneficiary Death Benefits/Life Allowance	24,198,350
Total	\$151,058,884

JUDGES' RETIREMENT SYSTEM PROGRAM DATA (continued)

Average Benefit Payments — As of June 30, 2006 Six-Year Review ¹

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2005/06							
Average Monthly Allowance ²	\$2,934	\$2,592	\$6,031	\$6,550	\$7,451	\$7,942	\$8,282
Average Final Compensation	\$13,327	\$12,485	\$12,724	\$12,510	\$12,723	\$12,727	\$12,558
Number of Recipients ²	2	7	14	16	51	10	1
2004/05							
Average Monthly Allowance ²	\$2,205	\$3,179	\$5,226	\$6,116	\$7,720	\$7,454	\$7,328
Average Final Compensation	\$11,987	\$12,208	\$12,405	\$12,370	\$12,484	\$12,531	\$13,327
Number of Recipients ²	3	8	17	23	59	9	2

Notes:

¹ CalPERS began reporting Average Benefit Payments in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a six-year review.

² These averages and totals are for retired members, beneficiaries, and community property recipients.

JUDGES' RETIREMENT SYSTEM II PROGRAM DATA

Primary Benefits

The Judges' Retirement System II (JRS II) was established in 1994 to create a fully funded, actuarially-sound retirement system for judges appointed or elected on or after November 9, 1994. This system provides a unique combination of two basic types of retirement benefits: a defined benefit plan and a monetary credit plan. The defined benefit plan provides a lifetime monthly retirement allowance of up to 75 percent of final compensation. The monetary credit plan allows for a refund of member contributions, a portion of the employer contributions, and interest. Members contribute at the rate of 8 percent of compensation.

Membership

The JRS II provides retirement, death, health, and dental benefits for Supreme, Appellate Court Justices, and Superior Court Judges, first appointed or elected after November 9, 1994, and their beneficiaries.

Service Retirement

Retirement Age

Judges must be at least age 65 with 20 years of service or age 70 with a minimum of five years of service to receive the defined benefit plan. Judges must have at least five years of service to receive the monetary credit plan.

Retirement Formula

Defined Benefit Plan

This option provides a defined benefit of 3.75 percent of the highest 12-month average salary per year of service, up to 75 percent for judges reaching age 65 with at least 20 years of service. Optional settlements are available which reduce a judge's retirement allowance to provide a lifetime benefit for a surviving spouse upon death of the judge.

Monetary Credit Plan

This option provides a cash payment in a single lump sum, or the member may elect to receive an annuity at retirement based on the accumulated contributions of the employee and the employer. To receive the annuity a judge must meet the minimum qualifications required under the defined benefit plan. Lifetime benefits are not provided under this plan.

Disability Retirement (Non-Work Related)

Judges who have five years of service and become permanently disabled because of a mental or physical disability may apply to the Commission on Judicial Performance for disability retirement.

An allowance is based on the judge's age and will be the amount equal to the lower of the following:

- the monthly benefit of 3.75 percent of the final compensation multiplied by the number of years of service the judge would have been credited had the judge continued to work until the age the judge would have first been eligible to retire, or
- 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date.

Disability Retirement (Work Related)

Judges receive 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date, regardless of age or length of service.

JUDGES' RETIREMENT SYSTEM II PROGRAM DATA (continued)

Death Benefits (Before Retirement)

Eligible for the Defined Benefit Plan

Spouses or registered domestic partners receive either the monthly retirement allowance equal to one-half of the judge's defined benefit plan allowance or the judge's monetary credits. At any time while in office, a judge may make an irrevocable election for their eligible surviving spouse or registered domestic partner to receive the maximum survivor benefit (Option 2) in the event of the judge's pre-retirement death.

Eligible for the Monetary Credit Plan

Spouses or registered domestic partners receive the judge's monetary credits or three times the annual salary at the time of death, whichever is greater.

Death Benefits (After Retirement)

Defined Benefit Plan

Judges retiring on the defined benefit plan are offered the choice of one of four optional settlement benefits to increase the survivor benefits to their eligible surviving spouse or registered domestic partner.

Monetary Credit Plan

If the judge elected to receive the monetary credit plan in a lump sum, there are no survivor benefits. If the judge elected monetary credit plan in an annuity, the spouse or registered domestic partner receives a lump sum payment of the remaining funds at the time of the judge's death.

Cost-Of-Living Adjustments (COLA)

The retirement allowance of retired judges who have elected the Defined Benefit Plan will be adjusted every January after the judge has been retired six months. The adjustment is based on the United States city average of the Consumer Price Index For All Urban Consumers, as published by the United States Bureau of Statistics. This adjustment will not be less than 1 percent or more than 3 percent.

Active Judges

Active	915
Total Members	915

Benefit Recipients by Retirement Type

Category	Retired Judges	Survivors & Beneficiaries	Total
Service Retirement	4	—	4
Disability Retirement	2	1	3
Optional Settlement	—	—	—
Pre-Retirement Survivor	—	4	4
Total	6	5	11

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$629,796
Disability Retirement	60,632
Beneficiary Death Benefits	288,953
Beneficiary Death Benefits/Life Allowance	25,494
Total	\$1,004,875

JUDGES' RETIREMENT SYSTEM II PROGRAM DATA (continued)

Average Benefit Payments — As of June 30, 2006 Six-Year Review ¹

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2005/06							
Average Monthly Allowance ²	\$ —	\$10,982	\$4,275	\$ —	\$ —	\$ —	\$ —
Average Final Compensation	\$ —	\$12,434	\$12,459	\$ —	\$ —	\$ —	\$ —
Number of Recipients ²	—	3	3	—	—	—	—
2004/05							
Average Monthly Allowance ²	\$11,987	\$7,080	\$ —	\$ —	\$ —	\$ —	\$ —
Average Final Compensation	\$11,987	\$11,987	\$ —	\$ —	\$ —	\$ —	\$ —
Number of Recipients ²	1	2	—	—	—	—	—

Notes:

¹ CalPERS began reporting Average Benefit Payments in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a six-year review.

² These averages and totals are for retired members, beneficiaries, and community property recipients.

LEGISLATORS' RETIREMENT SYSTEM PROGRAM DATA

Primary Benefits

CalPERS has administered the Legislators' Retirement System (LRS) since its inception in 1947. The duties of the Board with respect to administering the LRS are the same as for CalPERS on such items as determining membership and benefit rights, making investments, crediting interest, and obtaining information necessary for administration.

Benefits payable by the LRS are financed through member contributions, the State's contribution as an employer, and interest earned on investments. The employer statutory contribution rate was eliminated in January 2000, and the CalPERS Board is now authorized to establish actuarially determined rates.

When the actuarial value of the assets exceeds the present value of benefits, resulting in a 0 percent employer contribution rate, the Board may reduce the member contribution rates for the same fiscal year in which the State rate is 0 percent. For fiscal year 2006-07, the Board has determined that both the employer rate and the member rate will be 0 percent. Interest credited to the member's accounts is the net earnings rate of investments.

Proposition 140

Proposition 140, the Political Reform Act of 1990, requires that Legislators (Senators and Members of the Assembly) first elected after November 7, 1990 participate in the federal Social Security program and in no other retirement system.

Membership

Members of the Legislature serving prior to November 7, 1990, elected Constitutional Officers, and Legislative Statutory Officers are eligible for benefits.

Service Retirement

Retirement Age

The retirement age is 60, with four or more years of service credit, or any age with 20 or more years. The retirement age for Legislative Statutory Officers is 55, or any age with 20 years or more of service credit.

Members of the Legislature Benefit Formula

The retirement formula consists of three separate formulas that are totaled together to provide the members with their allowance. The first part of the formula consists of 5 percent of the first \$500 of salary up to 15 years of service. The second part is 3 percent per year of the same \$500 of salary for years in excess of 15 years. And finally, total years of service is multiplied by 3 percent per year of their salary above \$500. In no case may a member receive more than two-thirds of their salary.

Constitutional Officers' Benefit Formula

Five percent per year of service up to eight years (40 percent) of their highest salary. If the member has 24 or more years of service, the retirement allowance is 60 percent of their final salary.

Statutory Officers' Benefit Formula

Statutory Officers receive 3 percent per year of service, not to exceed 66 percent of final monthly compensation.

Early Retirement Options for Members of the Legislature & Constitutional Officers

Legislators and Constitutional Officers may retire before age 60 with 15 years of service. However, their retirement allowance is reduced by 2 percent for each year they retire before age 60.

LEGISLATORS' RETIREMENT SYSTEM PROGRAM DATA (continued)

Disability Retirement

Disability retirement uses the same formula as service retirement. There is no reduction if retirement is before age 60 for members of the Legislature.

Death Benefits (Before Retirement)

Not Eligible to Retire

One month's salary for each year of service, plus the return of the member's contributions with interest payable to a survivor.

Eligible to Retire

If the member has elected one of the optional settlements, their beneficiary will receive the benefit provided by the option selected, calculated as if the date of death had been the date of retirement. In lieu of this benefit, the beneficiary may elect an allowance of one-half the unmodified retirement allowance, payable until death or remarriage.

Death Benefits While in Office

Beneficiaries receive a lump sum benefit in an amount equal to the annual compensation of an LRS member during the 12 months preceding the member's death, regardless of whether the member was eligible to retire.

Death Benefits (After Retirement)

Members choose between one of four options. The level of survivor benefit is based on the option chosen, without a reduction in allowance for members of the Legislature, Constitutional Officers, and Statutory Officers receive a reduced allowance based on their age at time of retirement and the option they choose. Beneficiaries also receive a \$600 lump sum payment.

Cost-Of-Living Adjustments (COLA)

The annual COLA is determined by the Consumer Price Index.

LEGISLATORS' RETIREMENT SYSTEM PROGRAM DATA (continued)

Active & Inactive Members

Category	Active	Inactive	Total
Members of the Legislature	1	22	23
Constitutional Officers	8	11	19
Legislative Statutory Officers	4	—	4
Total Members	13	33	46

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$7,213,337
Disability Retirement	196,074
Beneficiary Death Benefits	107,880
Beneficiary Death Benefits/Allowance	149,132
Total	\$7,666,423

Benefit Recipients by Type

Category	Retired Members	Survivors & Beneficiaries	Total
Members of the Legislature			
Service Retirement	120	108	228
Disability Retirement	2	9	11
Pre-Retirement Option 2	—	—	—
Total Members of the Legislature	122	117	239
Constitutional Officers			
Service Retirement	18	4	22
Disability Retirement	1	—	1
Pre-Retirement Option 2	—	2	2
Total Constitutional Officers	19	6	25
Legislative Statutory Officers			
Service Retirement	3	2	5
Disability Retirement	—	—	—
Pre-Retirement Option 2	—	—	—
Total Legislative Statutory Officers	3	2	5
Total	144	125	269

LEGISLATORS' RETIREMENT SYSTEM PROGRAM DATA (continued)

Average Benefit Payments — As of June 30, 2006 Six-Year Review ¹

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2005/06							
Average Monthly Allowance ²	\$704	\$441	\$2,011	\$1,042	\$4,404	\$ —	\$ —
Average Final Compensation ³	\$ — ³	\$ —	\$4,375	\$ —	\$ —	\$ —	\$ —
Number of Recipients ²	2	4	2	1	3	—	—
2004/05							
Average Monthly Allowance ²	\$565	\$1,053	\$935	\$1,067	\$5,358	\$ —	\$ —
Average Final Compensation ³	\$4,375	\$4,375	\$ —	\$ —	\$8,714	\$ —	\$ —
Number of Recipients ²	1	1	1	5	5	—	—

Notes:

¹ CalPERS began reporting Average Benefit Payments in the June 30, 2006 Comprehensive Annual Financial Report. Additional years of information will be added each year as it becomes available to provide a six-year review.

² These averages and totals are for retired members, beneficiaries, and community property recipients.

³ Beneficiaries of LRS members do not receive a benefit calculated from an average monthly compensation. It is based on a percentage of the member's benefit (which has been increased by yearly cost-of-living adjustments). As a result, Average Final Compensation information does not include salary averages for beneficiaries.

VOLUNTEER FIREFIGHTERS' LENGTH OF SERVICE AWARD SYSTEM PROGRAM DATA

Primary Benefits

The Volunteer Firefighters' Length of Service Award System, administered through CalPERS, was established in 1980 as a way for fire departments to offer their volunteers monetary acknowledgment for their service. A fire department contracts with CalPERS to handle the administration of length of service benefits to its volunteers who follow the program guidelines. All costs for the program are paid for by department contributions. There are no contributions from volunteers. An actuarial valuation is conducted at the start of the contract to determine the contributions required.

Service Awards

A volunteer member with 20 years of service credit can receive \$1,200 annually for life (paid in monthly installments). The minimum award a volunteer can receive is \$600 annually for life for 10 years of service. A \$3,000 lump sum death benefit is payable to the named beneficiary of any member of the System with 10 or more years of service. It is also payable to the named beneficiary of an award recipient. The death does not have to be the result of an in-the-line-of-duty accident.

Active & Inactive Members

Active/Inactive Firefighters	4,067*
Firefighters Receiving Awards	149
Total Members	4,216

Benefit Payments by Type

Category	Amount Paid
Award Payments	\$119,635

* This total was adjusted for duplicate reporting identified in 2005/06.

VOLUNTEER FIREFIGHTERS' LENGTH OF SERVICE AWARD SYSTEM PROGRAM DATA

(continued)

Participating Agencies

Amador County Fire Protection District
American Canyon Fire Protection District
Cambria Fire Department
Ceres Emergency Services/Department of Public Safety
Chico Fire Department
Clearlake Oaks Fire Protection District
Coalinga Fire Department
Corcoran Volunteer Fire Department
Corning Volunteer Fire Department
Diamond Springs Volunteer Fire Department
El Dorado County Fire Protection District
Foothill Volunteer Fire Department
Fort Dick Fire Protection District
Gonzalez Volunteer Fire Department
Humboldt No. 1 Fire Protection District
Idyllwild Fire Protection District
Julian Cuyamaca Fire Protection District
Lakeshore Fire Protection District
Latrobe Fire Protection District
Lemoore Volunteer Fire Department
Loma Rica/Browns Valley Community Services District
Long Valley Fire Protection District
Los Banos Volunteer Fire Department
Mt. Laguna Volunteer Fire Department
Newman Fire Protection District
North Central Fire Protection District
Olancho-Cartago Fire Department
Orange County Fire Department
Palomar Mountain Volunteer Fire Department
Paradise Volunteer Fire Department
Red Bluff Fire Department, City of

Ross Valley Fire Department
Sacramento Metropolitan Fire Department
San Mateo County Fire Department
San Ramon Valley Fire Protection District
Sebastopol Fire Department
Shasta County Fire Department
Shasta Lake Fire Protection District
Sierra Madre Volunteer Fire Department
South Placer County Fire District
St. Helena Volunteer Fire Department
Susan River Volunteer Fire Department
Sutter Creek Fire Protection District
Templeton Fire Protection District
Walnut Grove Fire Protection District
Willows Volunteer Fire Department

Coloma-Lotus Volunteer Fire Association*
Placerville Fire Department, City of*
Pleasant Valley Fire Protection District*
Pollock Pines/Camino Volunteer Fire Association*
Shingle Springs Fire Department*

Fairfield Volunteer Fire Department**
Georgetown Volunteer Fire Department**
Grass Valley Fire Department**
Marysville Fire Department**
Samoa Peninsula Fire Protection District**
San Juan Bautista Fire Department**
Willow Creek Volunteer Fire Department**
Woodland Fire Department**

Total - 59

Notes:

* Reported with El Dorado

** Have not reported volunteers in at least two years.

1990-2007

Return on Investment Rises 20% for Calpers

SACRAMENTO, June 18 (AP) — The California Public Employees' Retirement System reported today that it had a 20.1 percent return on investments in the year that ended on March 31, up from an 8 percent return a year earlier.

Calpers is one of the largest institutional investors in the world. It manages assets of \$99.6 billion, providing retirement and health bene-

was helped by an asset allocation policy adopted in December 1994.

The policy calls for a three-year shift of fund assets into the higher-returning equity markets. The one-year Calpers return on total equity investments yielded 26.8 percent.

"The Calpers fund has more than doubled over the last 10 years due to continued top performance," said Charles Valdes, the Calpers invest-



EXPENSES & REVENUES — ENTERPRISE FUNDS

10-Year Review

(Dollars in Thousands)

Contingency Reserve Fund

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Operating Revenues										
Health Premiums Collected	\$ — ¹	\$1,683,317	\$1,520,622	\$1,410,584	\$855,736	\$2,510	\$1,483	\$825	\$398	\$367
Administrative Fees & Other	16,509	13,140	16,808	16,218	7,252	12,833	11,140	12,253	8,228	7,544
Total Operating Revenues	\$16,509	\$1,646,457	\$1,537,430	\$1,426,802	\$862,988	\$15,343	\$12,623	\$13,078	\$8,626	\$7,911
Operating Expenses										
Health Premiums Remitted to Insurance Carriers	\$ — ¹	\$1,633,317	\$1,520,622	\$1,410,584	\$855,736	\$2,510	\$1,483	\$825	\$398	\$367
Administrative Expenses	20,854	16,356	17,109	15,384	17,033	12,689	9,169	8,520	7,373	7,441
Total Operating Expenses	\$20,854	\$1,649,673	\$1,537,727	\$1,425,968	\$872,769	\$15,199	\$10,652	\$9,345	\$7,771	\$7,808
Operating Income (Loss)	(\$4,345)	(\$3,216)	(\$301)	\$834	(\$9,781)	\$144	\$1,971	\$3,733	\$855	\$103
Non-Operating Revenues										
Investment Income	\$9,279	\$5,049	\$2,817	\$1,787	\$1,112	\$417	\$674	\$524	\$303	\$256
Total Non-Operating Revenues	\$9,279	\$5,049	\$2,817	\$1,787	\$1,112	\$417	\$674	\$524	\$303	\$256
Change in Unrestricted Net Assets										
Total Unrestricted Net Assets										
Beginning of Year	\$9,679	\$7,846	\$5,330	\$2,709	\$11,378	\$10,817	\$8,172	\$3,915	\$2,757	\$2,398
End of Year	\$14,613	\$9,679	\$7,846	\$5,330	\$2,709	\$11,378	\$10,817	\$8,172	\$3,915	\$2,757

Health Care Fund

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Operating Revenues										
Self-Insurance Premiums	\$1,390,819	\$1,211,210	\$1,105,131	\$1,042,720	\$941,185	\$740,073	\$569,751	\$461,207	\$382,814	\$345,053
Health Premiums Collected	—	—	—	—	—	739,327	653,858	542,960	465,278	415,552
Other	—	—	—	—	—	—	164	135	—	—
Total Operating Revenues	\$1,390,819	\$1,211,210	\$1,105,131	\$1,042,720	\$941,185	\$1,479,400	\$1,223,773	\$1,004,302	\$848,092	\$760,605
Operating Expenses										
Actual & Estimated Claims	\$1,212,706	\$1,131,419	\$1,026,058	\$886,460	\$798,628	\$639,803	\$560,763	\$507,948	\$379,983	\$318,525
Administrative Expenses	74,771	67,679	65,902	58,182	50,296	43,572	41,180	35,780	37,869	26,873
Health Premiums Remitted to Insurance Carriers	—	—	—	—	—	739,327	653,858	542,960	465,278	415,552
Total Operating Expenses	\$1,287,477	\$1,199,098	\$1,091,960	\$944,642	\$848,924	\$1,422,702	\$1,255,801	\$1,086,688	\$883,130	\$760,950
Operating Income (Loss)	\$103,342	\$12,112	\$13,171	\$98,078	\$92,261	\$56,698	(\$32,028)	(\$82,386)	(\$35,038)	(\$345)
Non-Operating Revenues										
Investment Income	\$20,069	\$18,029	\$10,041	\$5,321	\$6,307	\$7,418	\$11,100	\$10,891	\$11,835	\$13,624
Total Non-Operating Revenues	\$20,069	\$18,029	\$10,041	\$5,321	\$6,307	\$7,418	\$11,100	\$10,891	\$11,835	\$13,624
Change in Unrestricted Net Assets										
Total Unrestricted Net Assets										
Beginning of Year	\$325,169	\$295,028	\$271,816	\$168,417	\$69,849	\$5,733	\$26,661	\$98,156	\$121,359	\$108,080
End of Year	\$448,580	\$325,169	\$295,028	\$271,816	\$168,417	\$69,849	\$5,733	\$26,661	\$98,156	\$121,359

Note:

¹ PEMHCA health premiums collected from public agencies is shown as agency fund activity in accordance with GASB 43.

EXPENSES & REVENUES — ENTERPRISE FUNDS (continued)

10-Year Review

(Dollars in Thousands)

Deferred Compensation Fund

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Operating Revenues										
Administrative Fees	\$287	\$1,115	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Investment Management Fees	308	628	460	—	—	—	—	—	—	—
Other	—	(1)	1,262	918	1,232	985	1,396	1,312	1,070	743
Total Operating Revenues	\$595	\$1,742	\$1,722	\$918	\$1,232	\$985	\$1,396	\$1,312	\$1,070	\$743
Operating Expenses										
Administrative Expenses	\$1,486	\$1,338	\$1,215	\$864	\$1,016	\$1,148	\$2,141	\$1,594	\$1,175	\$675
Total Operating Expenses	\$1,486	\$1,338	\$1,215	\$864	\$1,016	\$1,148	\$2,141	\$1,594	\$1,175	\$675
Operating Income (Loss)	(\$891)	\$404	\$507	\$54	\$216	(\$163)	(\$745)	(\$282)	(\$105)	\$68
Non-Operating Revenues										
Investment Income	\$180	\$139	\$51	\$15	\$22	\$46	\$76	\$91	\$54	\$66
Total Non-Operating Revenues	\$180	\$139	\$51	\$15	\$22	\$46	\$76	\$91	\$54	\$66
Change in Unrestricted Net Assets										
Net Assets	(\$711)	\$543	\$558	\$69	\$238	(\$117)	(\$669)	(\$191)	(\$51)	\$134
Total Unrestricted Net Assets										
Beginning of Year	\$1,476	\$933	\$375	\$306	\$68	\$185	\$854	\$1,045	\$1,096	\$962
End of Year	\$765	\$1,476	\$933	\$375	\$306	\$68	\$185	\$854	\$1,045	\$1,096

Long-Term Care Fund

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Operating Revenues										
Self-Insurance Premiums	\$241,495	\$243,690	\$241,663	\$225,128	\$200,936	\$186,595	\$168,625	\$152,423	\$134,700	\$112,468
Total Operating Revenues	\$241,495	\$243,690	\$241,663	\$225,128	\$200,936	\$186,595	\$168,625	\$152,423	\$134,700	\$112,468
Operating Expenses										
Claims	\$87,324	\$78,007	\$65,369	\$53,022	\$41,106	\$31,494	\$18,090	\$10,682	\$6,843	\$3,251
Increase (Decrease) in Estimated Liabilities	487,800	219,400	840,700	585,000	(85,000)	222,559	232,532	215,962	100,460	115,430
Administrative Expenses	18,198	17,053	16,285	15,305	15,416	14,625	15,462	11,893	11,709	12,726
Total Operating Expenses	\$593,322	\$314,460	\$922,354	\$653,327	(\$28,478)	\$268,678	\$266,084	\$238,537	\$119,012	\$131,407
Operating Income (Loss)	(\$351,827)	(\$70,770)	(\$680,691)	(\$428,199)	\$229,414	(\$82,083)	(\$97,459)	(\$86,114)	\$15,688	(\$18,939)
Non-Operating Revenues										
Investment Income	\$281,068	\$121,703	\$124,474	\$141,686	\$52,748	(\$61,080)	(\$37,802)	\$34,364	\$39,767	\$30,923
Total Non-Operating Revenues	\$281,068	\$121,703	\$124,474	\$141,686	\$52,748	(\$61,080)	(\$37,802)	\$34,364	\$39,767	\$30,923
Change in Unrestricted Net Assets										
Net Assets	(\$70,759)	\$50,933	(\$556,217)	(\$286,513)	\$282,162	(\$143,163)	(\$135,261)	(\$51,750)	\$55,455	\$11,984
Total Unrestricted Net Assets										
Beginning of Year	(\$771,498)	(\$822,431)	(\$266,214)	\$20,299	(\$261,863)	(\$118,700)	\$16,561	\$68,311	\$12,856	\$872
End of Year	(\$842,257)	(\$771,498)	(\$822,431)	(\$266,214)	\$20,299	(\$261,863)	(\$118,700)	\$16,561	\$68,311	\$12,856

HEALTH BENEFITS PROGRAM DATA

Enrollments by Health Plan

	Basic			Medicare			Total Enrollments
	Active	Retired	Total	Active	Retired	Total	
Blue Shield California	132,864	19,766	152,630	3	15,975	15,978	168,608
CAHP	6,113	2,075	8,188	0	1,994	1,994	10,182
CCPOA	8,730	799	9,529	0	151	151	9,680
Kaiser California	142,299	26,119	168,418	5	37,860	37,865	206,283
Kaiser/Out-of-State	17	602	619	0	889	889	1,508
PERS Choice	70,919	23,037	93,956	3	20,266	20,269	114,225
PERSCare	7,934	4,735	12,669	8	39,041	39,049	51,718
PORAC	4,274	1,542	5,816	0	527	527	6,343
Western Health Advantage	8,668	635	9,303	0	322	322	9,625
Total	381,818	79,310	461,128	19	117,025	117,044	578,172

Five-Year Enrollments

	2007	2006	2005	2004	2003
Total Covered Lives — Employees, Annuitants, & Dependents	1,240,976	1,205,945	1,190,212	1,200,668	1,240,595
Total Prime Lives — Employees & Annuitants	578,172	557,084	544,913	544,770	559,459

Basic & Supplemental Health Plan Enrollments

Plan Type	Basic			Medicare			Total Enrollments
	Active	Retired	Total	Active	Retired	Total	
HMO	283,848	47,122	330,970	8	55,046	55,054	386,024
Self-Funded PPO	78,853	27,772	106,625	11	59,307	59,318	165,943
Association	19,117	4,416	23,533	0	2,672	2,672	26,205
Total	381,818	79,310	461,128	19	117,025	117,044	578,172

HEALTH BENEFITS PROGRAM DATA (continued)

Participating Public Agency Summary

	2007	2006
Counties	29	29
Cities	302	302
Districts & Other Public Agencies	694	692
School Districts	115	114
Total	1,140	1,137

Participating Public Agencies by Type

Counties

Amador - 219	Nevada - 2,624
Butte - 4,281	Placer - 7,150
Colusa - 765	Plumas - 260
Contra Costa - 2,584	Riverside - 2,341
Glenn - 1,112	San Benito - 513
Humboldt - 3,644	San Luis Obispo - 5,040
Inyo - 1,093	Santa Cruz - 6,352
Lake - 1,834	Shasta - 4,741
Lassen - 786	Siskiyou - 1,519
Madera - 2,956	Solano - 3,998
Mariposa - 1,063	Trinity - 1,059
Modoc - 266	Tuolumne - 1,310
Mono - 782	Yolo - 3,549
Monterey - 9,084	Yuba - 1,894
Napa - 3,150	Total - 29

Cities

Agoura Hills - 100	Bell - 337
Alameda - 1,753	Bellflower - 251
Albany - 215	Belmont - 313
Alhambra - 910	Belvedere - 51
Aliso Viejo - 30	Beverly Hills - 2,215
American Canyon - 151	Biggs - 21
Angels - 89	Bishop - 173
Antioch - 863	Blythe - 290
Arcadia - 754	Brawley - 337
Arroyo Grande - 271	Brea - 967
Artesia - 128	Brentwood - 630
Atherton - 121	Brisbane - 213
Atwater - 262	Buellton - 36
Auburn - 194	Buena Park - 986
Avalon - 160	Burbank - 2,473
Avenal - 6	Burlingame - 1,005
Azusa - 539	Calabasas - 202
Baldwin Park - 528	California City - 132
Barstow - 452	Calimesa - 2

Cities

Calistoga - 115	Foster - 0
Camarillo - 313	Fountain Valley - 735
Campbell - 339	Fremont - 1,736
Canyon Lake - 6	Fullerton - 268
Capitola - 117	Garden Grove - 1,659
Carlsbad - 1,553	Gilroy - 628
Carmel-By-The-Sea - 187	Glendora - 403
Carpinteria - 72	Goleta - 83
Carson - 1,099	Grass Valley - 285
Cathedral City - 524	Gridley - 126
Cerritos - 805	Guadalupe - 64
Chino - 607	Half Moon Bay - 104
Chino Hills - 58	Hanford - 403
Citrus Heights - 307	Hawaiian Gardens - 185
Clayton - 49	Hawthorne - 939
Coachella City - 128	Hayward - 2,573
Colma - 117	Hercules - 213
Colton - 147	Hesperia - 204
Colusa - 89	Hidden Hills - 6
Commerce - 592	Highland - 55
Compton - 1,702	Hillsborough - 403
Concord - 1,385	Hollister - 143
Corona - 2,038	Huntington Beach - 773
Coronado - 471	Huntington Park - 679
Corte Madera - 185	Imperial Beach - 113
Costa Mesa - 1,664	Indian Wells - 128
Covina - 422	Indio - 648
Crescent City - 130	Ione - 28
Cudahy - 66	Irwindale - 285
Culver City - 2,196	Jackson - 94
Cupertino - 498	King City - 109
Cypress - 422	La Canada Flintridge - 60
Daly City - 1376	La Habra - 622
Dana Point - 89	La Habra Heights - 47
Davis - 956	La Mesa - 671
Del Rey Oaks - 21	La Mirada - 266
Diamond Bar - 85	La Palma - 162
Dixon - 170	La Puente - 143
Duarte - 149	La Quinta - 209
Dublin - 226	Laguna Niguel - 124
El Cajon - 897	Laguna Woods - 15
El Monte - 935	Lake Elsinore - 236
El Segundo - 1,048	Lake Forest - 124
Elk Grove - 379	Lakewood - 285
Emeryville - 273	Larkspur - 200
Encinitas - 486	Lathrop - 183
Escalon - 72	Lawndale - 113
Etna - 13	Lemon Grove - 187
Fairfax - 70	Lemoore - 145
Farmersville - 68	Lincoln - 452
Firebaugh - 94	Live Oak - 47
Fort Jones - 6	Lodi - 1,091

HEALTH BENEFITS PROGRAM DATA (continued)

Cities

Loma Linda - 164	Oceanside - 281	Rosemead - 158	South El Monte - 111
Lomita - 132	Ojai - 92	Roseville - 3,118	South Gate - 812
Lompoc - 882	Ontario - 1,010	Ross - 60	South Pasadena - 486
Loomis - 26	Orange - 1,587	Salinas - 1,235	Stanton - 124
Los Alamitos - 158	Orinda - 70	San Anselmo - 145	Suisun City - 173
Los Altos - 311	Orland - 83	San Carlos - 313	Sunnyvale - 2,961
Los Altos Hills - 53	Oxnard - 1,510	San Clemente - 462	Sutter Creek - 34
Los Banos - 458	Pacific Grove - 234	San Dimas - 160	Temecula - 236
Los Gatos - 375	Pacifica - 239	San Fernando - 460	Temple City - 119
Lynwood - 569	Palm Desert - 394	San Francisco City &	Thousand Oaks - 1,146
Malibu - 147	Palm Springs - 309	County - 217	Tiburon - 98
Mammoth Lakes - 194	Palmdale - 807	San Gabriel - 371	Torrance - 3,485
Manhattan Beach - 607	Palo Alto - 3,480	San Jacinto - 6	Tustin - 675
Manteca - 807	Paradise - 315	San Juan Capistrano - 226	Twentynine Palms - 60
Marina - 183	Paramount - 256	San Leandro - 1,203	Ukiah - 173
Martinez - 136	Pasadena - 4,305	San Luis Obispo - 658	Union City - 637
Maywood - 170	Patterson - 153	San Marcos - 155	Upland - 654
McFarland - 23	Perris - 239	San Marino - 271	Vacaville - 1,640
Menlo Park - 616	Petaluma - 737	San Mateo - 1,749	Vallejo - 2,013
Millbrae - 298	Pico Rivera - 479	San Pablo - 326	Villa Park - 23
Milpitas - 1,152	Piedmont - 232	San Rafael - 1,355	Weed - 36
Mission Viejo - 219	Pinole - 343	Sand City - 11	West Covina - 1,046
Modesto - 356	Pismo Beach - 119	Santa Ana - 2,601	West Hollywood - 437
Montague - 11	Placerville - 200	Santa Clara - 2,239	West Sacramento - 198
Monte Sereno - 11	Pomona - 2,068	Santa Clarita - 569	Westlake Village - 32
Montebello - 1,137	Port Hueneme - 224	Santa Cruz - 1,776	Westminster - 912
Monterey - 933	Portola Valley - 28	Santa Fe Springs - 814	Williams - 58
Moorpark - 138	Rancho Cordova - 77	Santa Maria - 805	Willows - 81
Moreno Valley - 650	Rancho Mirage - 192	Santa Monica - 554	Winters - 45
Morgan Hill - 324	Rancho Santa Margarita - 36	Santa Paula - 109	Woodlake - 53
Morro Bay - 260	Red Bluff - 89	Santa Rosa - 850	Woodland - 892
Mt. Shasta - 53	Redlands - 1,223	Saratoga - 138	Woodside - 36
Murrieta - 343	Redwood City - 1,623	Sausalito - 166	Yorba Linda - 239
Napa - 181	Reedley - 264	Scotts Valley - 175	Yountville - 64
Newark - 360	Rialto - 959	Seal Beach - 277	Yreka - 107
Newport Beach - 1,304	Richmond - 2,582	Selma - 290	Yuba City - 179
Norco - 309	Ridgecrest - 160	Shasta Lake - 119	Yucaipa - 77
Norwalk - 878	Rio Vista - 126	Sierra Madre - 153	Yucca Valley - 107
Novato - 381	Rocklin - 731	Signal Hill - 354	
Oakdale - 138	Rolling Hills - 15	Solana Beach - 141	
Oakland - 14,052	Rolling Hills Estates - 72	Solvang - 81	
			Total - 302

HEALTH BENEFITS PROGRAM DATA (continued)

Districts & Other Public Agencies

Academic Senate for California Community Colleges - 9	Ben Lomond Fire Protection District - 4
Agoura Hills and Calabasas Community Center - 17	Benicia City Housing Authority - 26
Alameda Corridor Transportation Authority - 32	Bennett Valley Fire Protection District - 6
Alameda County Congestion Management Agency - 36	BETA Healthcare Group Risk Management Authority - 124
Alameda County Fire Department - 841	Big Bear Area Regional Wastewater Agency - 43
Alameda County Law Library - 32	Big Bear City Airport District - 15
Alameda County Mosquito Abatement District - 53	Big Bear City Community Services District - 187
Alameda County Schools Insurance Group - 13	Black Gold Cooperative Library System - 19
Alameda County Transportation Authority - 0	Blanchard/Santa Paula Public Library District - 26
Alameda County Transportation Improvement Authority - 26	Bonita-Sunnyside Fire Protection District - 58
Alameda County Waste Management Authority - 79	Boulder Creek Fire Protection District - 6
Alameda County Water District - 679	Branciforte Fire Protection District - 9
Albany Municipal Services Joint Powers Authority - 38	Brannan-Andrus Levee Maintenance District - 4
Alhambra Redevelopment Agency - 9	Buena Park Library District - 60
Aliso Water Management Agency - 0	Burney Cemetery District - 4
Alliance of Schools for Cooperative Insurance Programs - 47	Butte County Air Quality Management District - 26
Alpine Springs County Water District - 6	Butte County Association of Governments - 21
Altadena Library District - 70	Butte County In-Home Supportive Services Public Authority - 9
Amador Water Agency - 141	Butte County Law Library - 2
American Canyon Fire Protection District - 43	Butte County Superior Court - 230
Anderson Cemetery District - 4	Cal Poly Corporation - 577
Anderson Fire Protection District - 26	Calaveras County Superior Court - 53
Antelope Valley Mosquito and Vector Control District - 17	Calaveras County Water District - 200
Apple Valley Fire Protection District - 143	Calaveras Public Utility District - 9
Aptos/La Selva Fire Protection Agency - 104	California Administrative Services Authority - 0
Arbuckle-College City Fire Protection District - 9	California Authority of Racing Fairs - 21
Arcade Water District - 0	California Bear Credit Union - 94
Arcata Fire Protection District - 62	California Dried Plum Board - 11
Area 12 Agency on Aging - 30	California Fair Services Authority - 87
Arrowbear Park County Water District - 17	California Fairs Financing Authority - 68
Arroyo Grande District Cemetery - 9	California Interscholastic Federation, Central Coast Section - 2
Associated Students California State University, San Bernardino - 6	California Interscholastic Federation, North Coast Section - 13
Association of Bay Area Governments - 170	California Interscholastic Federation, Northern Section - 2
Association of Monterey Bay Area Governments - 19	California Interscholastic Federation, San Diego Section - 17
Atascadero Cemetery District - 13	California Interscholastic Federation, Southern Section - 58
Auburn Public Cemetery District - 21	California Joint Powers Insurance Authority - 55
Aztec Shops, Ltd. - 213	California Joint Powers Risk Management Authority - 11
Baldy Mesa Water District - 55	California Maritime Academy Foundation, Inc. - 0
Banning-Cabazon Cemetery District - 0	California Municipal Utilities Association - 13
Bardsdale Cemetery District - 4	California State and Federal Employees No. 20 Credit Union - 19
Bay Area Air Quality Management District - 1,007	California State University, Bakersfield Foundation - 47
Bay Area Library and Information System - 4	California State University, Dominguez Hills Foundation - 138
Bay Area Water Supply and Conservation Agency - 17	California State University, Fresno Association, Inc. - 413
Beach Cities Health District - 94	California State University, Fresno Athletic Corporation - 134
Bear Mountain Recreation and Park District - 11	California State University, Long Beach Foundation - 315
Beaumont District Library - 17	California State University, Los Angeles-USU Board - 38
Beaumont Public Cemetery District - 0	California State University, Stanislaus Auxiliary and Business Services - 23
Beaumont-Cherry Valley Recreation and Park District - 2	Calleguas Municipal Water District - 168
Beaumont-Cherry Valley Water District - 62	Camarillo Health Care District - 38
Bella Vista Water District - 68	Cambria Cemetery District - 6
Belmont-San Carlos Fire Department - 179	Cambria Community Healthcare District - 23
Belvedere-Tiburon Joint Recreation - 2	Cambria Community Services District - 117
Belvedere-Tiburon Library Agency - 19	

HEALTH BENEFITS PROGRAM DATA (continued)

Districts & Other Public Agencies

Cameron Park Community Services District - 28	Costa Mesa Sanitary District - 11
Capistrano Bay Community Services District - 2	Cosumnes Community Services District - 633
Capitol Area Development Authority - 98	Cottonwood Cemetery District - 4
Carmel Highlands Fire Protection District of Monterey County - 2	Cottonwood Fire Protection District - 9
Carmel Regional Fire Ambulance Authority - 13	Crescent City Harbor District - 40
Carmel Valley Fire Protection District - 34	Crestline Lake Arrowhead Water Agency - 30
Carpinteria Public Cemetery District - 4	Crockett-Valona Sanitary District - 2
Castaic Lake Water Agency - 217	CSAC Excess Insurance Authority - 81
Castro Valley County Fire Protection District - 0	Cutler-Orosi Joint Powers Wastewater Authority - 4
Castro Valley Sanitary District - 47	Cuyama Valley Recreation District - 0
Castroville Water District - 15	Cypress Recreation and Park District - 2
Cayucos Sanitary District - 11	Dairy Council of California - 85
Cayucos-Morro Bay Cemetery District - 4	Davis Cemetery District - 9
Central Contra Costa Transit Authority - 515	Deer Springs Fire Protection District - 4
Central Fire Protection District of Santa Cruz County - 196	Del Norte County Library District - 4
Central Marin Sanitation Agency - 109	Del Norte Healthcare District - 6
Central Plumas Recreation and Park District - 2	Del Paso Manor Water District - 11
Central Sierra Child Support Agency - 60	Del Puerto Water District - 6
Central Valley Regional Center, Inc. - 801	Del Rey Community Services District - 13
Cesar Chavez Student Center, Inc. - 49	Delta Vector Control District - 34
Channel Islands Beach Community Services District - 13	Denair Community Services District - 9
Chester Fire Protection District - 11	Desert Healthcare District - 28
Chester Public Utility District - 11	Diamond Springs/El Dorado Fire Protection District - 66
Chico Area Recreation and Park District - 64	Dixon Housing Authority - 0
Chino Basin Watermaster - 13	Dominguez Hills CSU Associated Students - 6
Chino Valley Independent Fire District - 264	Dominguez Hills CSU Associated Students, Child Development Center - 11
Chowchilla Cemetery District - 11	Donald P. and Katherine B. Loker University Student Union, Inc. - 15
Christian Valley Park Community Services District - 0	Dougherty Regional Fire Authority - 30
Clear Creek Community Services District - 23	Dublin San Ramon Services District - 281
Clearlake Oaks County Water District - 0	Dunnigan Water District - 6
Cloverdale Citrus Fair - 0	East Bay Dischargers Authority - 13
Coachella Valley Association of Governments - 26	East Bay Regional Park District - 138
Coachella Valley Mosquito and Vector Control District - 89	East Diablo Fire District - 98
Coachella Valley Public Cemetery District - 15	East Kern Airport District - 83
Coalinga-Huron Recreation and Park District - 17	East Palo Alto Sanitary District - 15
Coastal Animal Services Authority - 26	East Quincy Services District - 11
Coastal Developmental Services Foundation, DBA Westside Regional Center - 445	East Valley Water District - 164
Coastal Municipal Water District - 0	Eastern Municipal Water District - 1,336
Coastal San Luis Resource Conservation - 0	Eastern Plumas Health Care District - 339
Colusa County Superior Court - 26	Eastern Sierra Community Services District - 13
Colusa Mosquito Abatement District - 6	El Camino Irrigation District - 2
Community College League of California - 32	El Dorado County Fire Protection District - 230
Compton Creek Mosquito Abatement District - 2	El Dorado County Transit Authority - 45
Conejo Recreation and Park District - 196	El Dorado County Transportation Commission - 9
Consolidated Area Housing Authority of Sutter County - 64	El Dorado Hills Community Services District - 45
Contra Costa County Law Library - 15	El Dorado Hills County Water District - 145
Contra Costa County Schools Insurance Group - 49	El Dorado Irrigation District - 711
Contra Costa Fire Protection District - 1,336	Emeryville Redevelopment Agency - 0
Contra Costa Mosquito Vector Control District - 77	Encinitas Fire Protection District - 0
Contra Costa Special Ed Local Plan Area - 17	Encinitas Sanitary District - 0
Contra Costa Transportation Authority - 40	Esparto Community Services District - 11
Corning Water District - 9	

HEALTH BENEFITS PROGRAM DATA (continued)

Districts & Other Public Agencies

Estero Municipal Improvement District - 469	Hesperia County Water District - 87
Fair Oaks Cemetery District - 9	Hesperia Fire Protection District - 13
Fair Oaks Fire District - 0	Hesperia Recreation and Park District - 75
Fair Oaks Recreation & Park District - 40	Hidden Valley Lake Community Services District - 43
Fairfield-Suisun Sewer District - 51	Hilton Creek Community Services District - 4
Fall River Mills Community Services District - 6	Housing Authority of the City of Eureka - 36
Fallbrook Healthcare District - 4	Housing Authority of the City of Los Angeles - 1,436
Feather River Air Quality Management District - 15	Housing Authority of the County of Santa Cruz - 141
Feather Water District - 9	Hub Cities Consortium - 43
Felton Fire Protection District - 4	Humboldt County Association of Governments - 4
Fern Valley Water District - 11	Humboldt County Superior Court - 185
First Five of Mariposa County - 2	Humboldt No. 1 Fire Protection District of Humboldt County - 40
Florin County Water District - 17	Humboldt State College University Center - 117
Foothill/Eastern Transportation Corridor Agency - 158	Humboldt Transit Authority - 83
Forestville Fire Protection District - 15	Idyllwild Fire Protection District - 32
Fort Bragg Fire Protection Authority - 9	Indian Valley Community Services District - 9
Fort Ord Reuse Authority - 26	Indian Valley Health Care District - 2
Forty-Niner Fire Protection District - 0	Inland Empire Utilities Agency - 575
Fresno County Law Library - 15	Inland Empire West Resource Conservation District - 0
Fresno Irrigation District - 173	Intelecom Intelligent Telecommunications - 47
Fresno-Madera Area Agency on Aging - 70	Inverness Public Utility District - 13
Fruitridge Fire Protection District - 4	Ironhouse Sanitary District - 89
Fullerton California State University Associated Students - 132	Irvine Ranch Water District - 728
Fulton El-Camino Recreation and Park District - 40	Jamestown Sanitary District - 13
Galt Fire Protection District - 9	JRS Napa County Superior Court - 9
Galt-Arno Cemetery District - 6	Judicial Council-PA - 0
Garden Valley Fire Protection District - 13	Jurupa Community Services District - 200
Gilsizer County Drainage District - 6	Kanawha Water District - 9
Glen Ellen Fire Protection District - 9	Kensington Community Services District - 38
Glenn County Mosquito and Vector Control District - 6	Kensington Fire Protection District - 21
Glenn County Superior Court - 49	Kentfield Fire Protection District - 47
Glenn-Colusa Irrigation District - 0	Kenwood Fire Protection District - 6
Gold Ridge Fire Protection District - 11	Kern County Council of Governments - 49
Golden Sierra Job Training Agency - 75	Kern County Housing Authority - 311
Goleta Cemetery District - 11	Kern County Law Library - 4
Goleta West Sanitary District - 28	Kern Regional Center - 383
Great Basin Unified Air Pollution Control District - 60	Kingsburg Cemetery District - 17
Greater Anaheim Special Education Local Plan Area - 40	Kirkwood Meadows Public Utility District - 32
Greater Los Angeles County Vector Control District - 143	Lake Don Pedro Community Services District - 23
Greater Vallejo Recreation District - 126	Lake Hemet Municipal Water District - 132
Green Valley County Water District - 4	Lake Valley Fire Protection District - 64
Gridley Biggs Cemetery District - 13	Lakeside Fire Protection District - 200
Grossmont Healthcare District - 30	Las Gallinas Valley Sanitary District of Marin County - 58
Grossmont Schools Federal Credit Union - 43	Lathrop-Manteca Fire Protection District - 85
Guerneville Fire Protection District - 0	Leucadia Wastewater District - 55
Half Moon Bay Fire Protection District - 119	Levee District No. 1 of Sutter County - 2
Hamilton Branch Fire Protection District - 2	Linda Fire Protection District - 34
Hamilton City Community Services District - 4	Linden-Peters Rural County Fire Protection District - 32
Harbor Developmental Disabilities Foundation - 452	Littlerock Creek Irrigation District - 13
Hayward California State University, Auxiliary Foundation, Inc. - 170	Live Oak Cemetery District - 4
Heartland Communications Facility Authority - 17	Livermore/Amador Valley Transit Authority - 40
Heritage Ranch Community Services District - 23	Local Agency Formation Commission of Monterey County - 9

HEALTH BENEFITS PROGRAM DATA (continued)

Districts & Other Public Agencies

Local Agency Formation Commission of San Luis Obispo County - 4	Monterey Peninsula Airport District - 96
Local Government Services Authority, a Joint Powers Authority - 36	Monterey Peninsula Regional Park District - 36
Lompoc Cemetery District - 11	Monterey-Salinas Transit - 381
Lompoc Healthcare District - 575	Moraga Fire Protection District - 0
Long Beach State University, Associated Students - 109	Moraga-Orinda Fire Protection District - 294
Long Beach State University, Forty-Niner Shops, Inc. - 179	Morongo Basin Transit Authority - 49
Los Angeles County Area 'E' Civil Defense and Disaster Board - 2	Mosquito and Vector Management District of Santa Barbara County - 9
Los Angeles County Law Library - 130	Moss Landing Harbor District - 13
Los Angeles County Office of Education - 8,537	Mother Lode Job Training Agency - 45
Los Angeles County Sanitation District No. 2 - 5,570	Mt. View Sanitary District of Contra Costa County - 34
Los Angeles County West Vector Control District - 85	Mt. Diablo Health Care District - 4
Los Angeles Memorial Coliseum Commission - 85	Mt. San Antonio College Auxiliary Services - 121
Los Osos Community Services District - 36	Muir Beach Community Services District - 4
Lower Tule River Irrigation District - 77	Murrieta County Water District - 0
Lumberjack Enterprises, Inc. - 0	Murrieta Fire Protection District - 98
Madera Cemetery District - 51	Napa County Mosquito Abatement District - 28
Madera County Economic Development Commission - 0	Napa County Superior Court - 132
Majestic Pines Community Services District - 4	Napa Sanitation District - 155
Mammoth Lakes Fire District - 32	Nevada Cemetery District - 6
Management of Emeryville Services Authority - 234	Nevada County Superior Court - 138
March Joint Powers Authority - 17	Nevada-Sierra Regional IHSS Public Authority - 15
Mare Island Technology Academy - 100	Newport Beach City Employees Federal Credit Union - 11
Marin County Housing Authority - 124	Nipomo Community Services District - 28
Marin County Sanitary District No. 1 - 51	North Bay Regional Center - 373
Marin Healthcare District - 0	North Bay Schools Insurance Authority - 17
Marin Municipal Water District - 843	North Coast Railroad Authority - 2
Marinwood Community Services District - 66	North Coast Unified Air Quality Management District - 36
Maxwell Public Utility District - 6	North County Fire Protection District of Monterey County - 100
Mayers Memorial Hospital District - 302	North County Fire Protection District of San Diego County - 175
McCloud Community Services District - 26	North County Transit District - 907
Meadow Vista County Water District - 0	North Delta Water District - 0
Mendocino Coast Hospital District - 509	North Los Angeles County Regional Center, Inc. - 803
Menlo Park Fire Protection District - 279	North Marin Water District - 177
Merced County Housing Authority - 124	North State Cooperative Library System - 15
Mesa Consolidated Water District - 119	North Tahoe Fire Protection District - 111
Metropolitan Cooperative Library System - 23	Northern California Power Agency - 452
Metropolitan Transportation Commission - 388	Northern California Special Districts Insurance Authority - 6
Metropolitan Water District of Southern California - 6,682	Northern Salinas Valley Mosquito Abatement District - 19
Mid-Carmel Valley Fire Protection District - 26	Northern Sierra Air Quality Management District - 17
Midpeninsula Regional Open Space District - 166	Northridge Water District - 0
Midway City Sanitary District - 104	Northridge, CSU, Associated Students - 72
Midway Heights Water District - 4	Northstar Community Services District - 72
Millville Masonic and Odd Fellows Cemetery District - 2	Novato Sanitary District - 104
Mission Valley Regional Occupational Center/Program - 64	Oak Hill Cemetery District - 6
Mojave Desert Air Quality Management - 53	Oakland City Housing Authority - 767
Mojave Water Agency - 89	Ocean Grove Charter School - 28
Monte Vista County Water District - 51	Ojai Valley Sanitary District - 49
Montecito Fire Protection District - 162	Olivehurst Public Utility District - 47
Monterey Bay Unified Air Pollution Control District - 66	Ophir Hill Fire Protection District - 9
Monterey County Law Library - 2	Orange County Fire Authority - 709
Monterey County Superior Court - 417	Orange County Vector Control District - 134
Monterey County Water Resources Agency - 132	Orinda Fire Protection District - 0

HEALTH BENEFITS PROGRAM DATA (continued)

Districts & Other Public Agencies

Orland Cemetery District - 0	Reclamation District No. 900 - 15
Oro Loma Sanitary District - 155	Reclamation District No. 1000 - 38
Oroville Cemetery District - 19	Reclamation District No. 1001 - 36
Oroville Mosquito Abatement District - 2	Reclamation District No. 1601 - 6
Oxnard Harbor District - 96	Reclamation District No. 1660 - 0
Pacific Fire Protection District - 30	Redway Community Services District - 11
Pajaro Valley Fire Protection Agency - 0	Regional Council of Rural Counties - 55
Pajaro Valley Public Cemetery District - 13	Regional Government Services Authority - 4
Palm Drive Health Care District - 251	Regional Water Authority - 11
Palm Ranch Irrigation District - 11	Richardson Bay Sanitary District - 17
Palm Springs Cemetery District - 13	Rincon Del Diablo Municipal Water District - 75
Palo Verde Valley District Library - 0	Riverbank City Housing Authority - 4
Paradise Recreation and Park District - 30	Riverdale Public Utility District - 4
Paso Robles City Housing Authority - 26	Riverside County Air Pollution Control District - 0
Peardale Chicago Park Fire Protection District - 2	Riverside County Housing Authority - 6
Peninsula Library System - 40	Riverside County Superior Court - 6
Peninsula Traffic Congestion Relief Alliance - 17	Riverside County Transportation Commission - 89
Penryn Fire Protection District - 0	Roseville Public Cemetery District - 23
Pine Cove Water District - 9	Ross Valley Fire Service - 115
Pine Grove Mosquito Abatement District - 2	Rubidoux Community Services District - 4
Pinedale County Water District - 21	Ruth Lake Community Services District - 2
Pioneer Cemetery District - 9	Sacramento Area Council of Governments - 128
Pixley Irrigation District - 21	Sacramento City Housing Authority - 914
Placer County Cemetery District No. 1 - 15	Sacramento County Fire Protection District - 0
Placer County Resource Conservation District - 6	Sacramento County Public Law Library - 34
Placer County Transportation Commission - 13	Sacramento Metropolitan Air Quality Management District - 141
Placer County Water Agency - 460	Sacramento Metropolitan Cable Television Commission - 9
Planning and Service Area II Area Agency on Aging - 9	Sacramento Metropolitan Fire District - 2,377
Pleasant Valley Recreation and Park District - 83	Sacramento Regional Fire/EMS Communications Center - 102
Plumas County Community Development Commission - 26	Sacramento Suburban Water District - 143
Plumas Local Agency Formation Commission - 2	Sacramento Transportation Authority - 4
Point Montara Fire Protection District - 2	Salinas Rural Fire District - 117
Pomerado Cemetery District - 13	Salinas Valley Solid Waste Authority - 36
Pomona, California State Polytechnic University, Associated Students, Inc. - 94	Salton Community Services District - 66
Port San Luis Harbor District - 58	Samoa Peninsula Fire Protection District - 9
Princeton-Codora-Glenn Irrigation District - 9	San Andreas Regional Center, Inc. - 645
Processing Strawberry Advisory Board - 11	San Andreas Sanitary District - 13
Processing Tomato Advisory Board - 11	San Benito County Water District - 34
Provident Irrigation District - 15	San Bernardino County Housing Authority - 435
Public Agency Risk Sharing Authority of California - 13	San Bernardino County Law Library - 17
Public Entity Risk Management Authority - 6	San Bernardino County Transportation Authority - 0
Quincy Cemetery District - 2	San Bernardino Economic Development Agency - 34
Quincy Community Services District - 11	San Bernardino, California State University, Foundation - 313
Rainbow Municipal Water District - 6	San Bernardino, California State University, Student Union - 32
Ramona Cemetery District - 13	San Diego Association of Governments - 415
Rancho Cucamonga Fire Protection District - 290	San Diego County Law Library - 87
Rancho Murieta Community Services District - 68	San Diego Metropolitan Transit Development Board - 239
Rancho Simi Recreation & Park District - 192	San Diego State University Associated Students - 53
Reclamation District No. 70 - 13	San Diego Trolley, Inc. - 752
Reclamation District No. 341 - 6	San Dieguito Water District - 47
Reclamation District No. 800 - 9	San Elijo Joint Powers Authority - 32
Reclamation District No. 833 - 9	San Francisco Bay Area Rapid Transit District - 9,483
	San Francisco City and County Housing Authority - 496

HEALTH BENEFITS PROGRAM DATA (continued)

Districts & Other Public Agencies

San Francisco City and County Redevelopment Agency - 441	Shasta Community Services District - 0
San Francisco Community College District Bookstore Auxiliary - 43	Shasta County Superior Court - 45
San Francisco County Transportation Authority - 38	Shasta Dam Area Public Utility District - 0
San Gabriel Valley Mosquito and Vector Control District - 19	Shasta Mosquito and Vector Control District - 34
San Geronio Pass Water Agency - 11	Shasta Valley Cemetery District - 11
San Jacinto Valley Cemetery District - 34	Sierra Lakes County Water District - 21
San Joaquin County Housing Authority - 330	Sierra-Sacramento Valley Emergency Medical Services Agency - 17
San Joaquin County Mosquito and Vector Control District - 98	Silicon Valley Animal Control Authority - 28
San Joaquin Hills Transportation Corridor Agency - 0	Siskiyou County Superior Court - 98
San Jose State University Foundation - 571	Smith River Community Services District - 11
San Jose State University, Associated Students - 89	Solano County Mosquito Abatement District - 30
San Juan Water District - 130	Solano County Superior Court - 469
San Lorenzo Valley Water District - 45	Solano County Water Agency - 15
San Luis Obispo, Cal Poly, Associated Students, Inc. - 158	Solano Transportation Authority - 36
San Luis Obispo Council of Governments - 26	Sonoma State Enterprises, Inc. - 2
San Luis Obispo County Pension Trust - 6	Sonoma Student Union Corporation - 23
San Luis Obispo County Superior Court - 273	Soquel Creek Water District - 111
San Luis Obispo Regional Transit Authority - 17	South Bay Regional Public Communications Authority - 113
San Marcos CSU Foundation - 102	South Bayside System Authority - 160
San Marcos Fire Protection District - 0	South Coast Area Transit - 249
San Mateo County Resource Conservation District - 0	South East Regional Reclamation Authority - 0
San Mateo County Schools Insurance Group - 13	South Feather Water and Power Agency - 166
San Mateo County Transit District - 1,811	South Kern Cemetery District - 0
San Miguel Community Services District - 13	South Orange County Wastewater Authority - 147
San Miguel Consolidated Fire Protection District - 328	South Placer Fire District - 111
San Pablo City Housing Authority - 4	South Placer Municipal Utility District - 58
San Ramon Valley Fire Protection District - 571	South San Luis Obispo County Sanitation District - 21
San Simeon Community Services District - 2	Southeast Area Social Services Funding Authority - 32
Sanitary District No. 5 of Marin County - 26	Southern California Association of Governments - 320
Santa Barbara County Association of Governments - 40	Southern California Public Power Authority - 15
Santa Barbara County Law Library - 9	Southern California Regional Rail Authority - 447
Santa Clara County Health Authority - 311	Southern Humboldt Community Healthcare District - 124
Santa Clara County Law Library - 4	Southern Inyo Healthcare District - 128
Santa Cruz Consolidated Emergency Communications Center - 111	Southern San Joaquin Municipal Utility District - 58
Santa Cruz County Law Library - 0	Spartan Shops, Inc. - 251
Santa Cruz County Regional Transportation Commission - 36	Squaw Valley Public Service District - 45
Santa Cruz County Superior Court - 330	State Assistance Fund for Energy, California Business & Industrial Corporation - 23
Santa Cruz Local Agency Formation Commission - 6	Stanislaus County Housing Authority - 239
Santa Cruz Metropolitan Transit District - 1,005	Stege Sanitary District - 19
Santa Fe Irrigation District - 149	Stinson Beach County Water District - 23
Santa Maria Public Airport District - 26	Strawberry Recreation District - 13
Santa Paula City Housing Authority - 23	Student Union of San Jose State University - 75
Saratoga Fire Protection District - 75	Summit Cemetery District - 36
Sausalito-Marín City Sanitary District - 28	Susanville Consolidated Sanitary District - 19
School Personnel Credit Union - 21	Sutter Cemetery District - 21
Schools Excess Liability Fund - 17	Sweetwater Springs Water District - 21
Scotts Valley Water District - 49	Sylvan Cemetery District - 9
Selma-Kingsburg-Fowler County Sanitation District - 83	Tahoe City Fire Protection District - 0
Serra Cooperative Library System - 11	Tahoe City Public Utility District - 113
Sewer Authority Mid-Coastside - 28	Tahoe-Truckee Sanitation Agency - 155
Shasta Area Safety Communications Agency - 83	Temecula Public Cemetery District - 9
	Templeton Community Services District - 47

HEALTH BENEFITS PROGRAM DATA (continued)

Districts & Other Public Agencies

Thermalito Irrigation District - 21	Weaverville Community Services District - 17
Three Arch Bay Community Services District - 2	Weaverville Fire Protection District - 0
Trabuco Canyon Water District - 62	Weaverville Sanitary District - 2
Tracy Rural County Fire Protection District - 6	West Bay Sanitary District - 55
Transportation Agency for Monterey County - 26	West Cities Communication Center - 23
Truckee Fire Protection District - 117	West Cities Communication Center Joint Powers Authority - 0
Truckee Sanitary District - 87	West Contra Costa Healthcare District - 13
Tulare County Housing Authority - 102	West Contra Costa Integrated Waste Management Authority - 15
Tulare Mosquito Abatement District - 13	West County Wastewater District - 143
Tuolumne Regional Water District - 0	West Plainfield Fire Protection District - 0
Tuolumne Utilities District - 207	Western Canal Water District - 21
Turlock Mosquito Abatement District - 32	Western Riverside Council of Governments - 38
Twain Harte Community Services District - 30	Westlands Water District - 332
Twin Cities Police Authority - 153	Wildomar Cemetery District - 9
Ukiah Valley Fire District - 15	Willow Creek Community Services District - 6
Union Sanitary District - 403	Willow Oak Fire District - 0
United Water Conservation District - 109	Willows Cemetery District - 4
University Corporation - 290	Wilton Fire Protection District - 2
Upland City Housing Authority - 49	Winterhaven Water District - 4
Vallejo Sanitation and Flood Control District - 241	Winters Cemetery District - 6
Valley County Water District - 107	Winters Fire Protection District - 9
Valley Mountain Regional Center, Inc. - 490	Woodlake Fire District - 6
Valley of the Moon Fire District - 51	Woodside Fire Protection District - 166
Valley of the Moon Water District - 34	Yolo County Communications Emergency Services Agency - 72
Valley Preparatory Academy, Inc. - 0	Yolo County Housing Authority - 92
Valley Sanitary District - 36	Yolo County In-Home Supportive Services Public Authority - 11
Valley-Wide Recreation and Park District - 40	Yolo County Public Agency Risk Management Insurance Authority - 13
Ventura County Law Library - 13	Yolo County Superior Court - 207
Ventura County Transportation Commission - 47	Yolo County Transit Authority - 0
Ventura Port District - 64	Yolo County Transportation District - 23
Ventura Regional Sanitation District - 141	Yolo-Solano Air Quality Management District - 64
Veterans Home of California Post Fund - 30	Yuba County Water Agency - 70
Victor Valley Wastewater Reclamation Authority - 85	Yuba Sutter Transit Authority - 4
Victor Valley Water District - 217	
Walton Fire Protection District - 0	
Water Facilities Authority - 13	
	Total - 694

School Districts

Acalanes Union High School District - 1,310	Centinela Valley Union High School District - 1,947
Alameda City Unified School District - 1,913	Cerritos Community College District - 1,947
Albany City Unified School District - 895	Charter Learning Center - 0
Alta-Dutch Flat Union Elementary School District - 26	Chatom Union Elementary School District - 34
Aurora High - 0	Compton Unified School District - 3,915
Berryessa Union Elementary School District - 1,798	Connecting Waters - 100
Bonita Unified School District - 1,342	County School Service - Alameda County Schools - 437
Brisbane Elementary School District - 160	County School Service - Contra Costa County Schools - 1,376
Burbank Unified School District - 1,174	County School Service - Napa County Schools - 373
Burlingame Elementary School District - 415	County School Service - Sacramento County Schools - 1,536
Campbell Union Elementary School District - 1,470	County School Service - San Mateo County Schools - 1,512
Campbell Union High School District - 1,644	County Superintendent of Schools Office - Riverside County Schools - 3,832
Castaic Union Elementary School District - 432	

HEALTH BENEFITS PROGRAM DATA (continued)

School Districts

Culver City Unified School District - 1,536	North Orange County Community College District - 4,484
Davis Joint Unified School District - 1,176	Ohlone Community College District - 831
Duarte Unified School District - 750	Ophir Elementary School District - 0
Dublin Unified School District - 522	Orinda Union School District - 613
El Camino Community College District - 2,188	Pacifica School District - 816
El Dorado Union High School District - 94	Palos Verdes Peninsula Unified School District - 2,507
Empire Union Elementary School District - 662	Paradise Elementary School District - 30
Fairfield-Suisun Unified School District - 3,489	Pittsburg Unified School District - 1,813
Fillmore Unified School District - 826	Pope Valley Union Elementary School District - 13
Fremont Unified School District - 4,477	Ravenswood City Elementary School District - 758
Fremont Union High School District - 130	Redwood City Elementary School District - 2,028
Garfield Charter School - 96	Reed Union Elementary School District - 311
Gavilan Joint Community College District - 562	Rio Hondo Community College District - 1,506
Hayward Unified School District - 3,278	Riverbank Unified School District - 518
Hillsborough City School District - 292	Ross Elementary School District - 143
Holtville Unified School District - 6	Ross Valley Elementary School District - 413
Howell Mountain Elementary School District - 21	Sacramento City Unified School District - 7,108
John Swett Unified School District - 334	San Bruno Park Elementary School District - 607
Knights Ferry Elementary School District - 19	San Carlos Elementary School District - 415
Knightsen School District - 53	San Leandro Unified School District - 1,267
La Grange Elementary School District - 17	San Mateo County Community College District - 3,257
Las Lomas Elementary School District - 290	San Mateo-Foster City School District - 2,002
Las Virgenes Unified School District - 2,085	San Rafael City Elementary School District - 652
Liberty Union High School District - 916	San Rafael City High School District - 639
Little Lake City Elementary School District - 892	Santa Monica Community College District - 2,294
Los Altos Elementary School District - 1,044	Santa Monica-Malibu Unified School District - 3,140
Los Nietos Elementary School District - 428	Saugus Union Elementary School District - 1,274
Lowell Joint Elementary School District - 543	Sequoia Union High School District - 2,486
Martinez Unified School District - 863	South Pasadena Unified School District - 846
Menlo Park City Elementary School District - 596	South San Francisco Unified School District - 2,281
Mill Valley Elementary School District - 481	South Sutter Charter School - 72
Millbrae Elementary School District - 445	South Whittier School District - 807
Monterey Peninsula Unified School District - 3,253	Stanislaus County Office of Education - 971
Moreland Elementary School District - 718	Temple City Unified School District - 660
Morgan Hill Unified School District - 1,459	Turlock Joint Elementary School District - 0
Mountain House Elementary School District - 2	Turlock Joint Unified School District - 1,340
Mt. Diablo Unified School District - 7,006	Turlock Joint Union High School District - 0
Mt. Pleasant Elementary School District - 426	Union Elementary School District - 754
Mt. San Antonio Community College District - 2,920	Vacaville Unified School District - 2,209
Napa Community College District - 880	Valle Lindo Elementary School District - 200
Napa Valley Unified School District - 3,025	Vallejo City Unified School District - 3,593
Natomas Unified School District - 754	West Contra Costa Unified School District - 9,694
Newark Unified School District - 528	Whittier City Elementary School District - 1,274
Newman-Crows Landing Unified School District - 411	William S. Hart Union High School District - 3,698
North Monterey County Unified School District - 927	Wisburn Elementary School District - 349

Total - 115

DEFERRED COMPENSATION PROGRAM DATA

By saving for the future, CalPERS members can face the road to retirement with confidence. CalPERS helps by providing an important tool to meet future needs — the CalPERS 457 Plan. As of June 30, 2007, the plan was adopted by 601 public agencies, compared to 567 last year.

During fiscal year 2006/07, membership grew to 23,963 — up from 21,541. Assets increased from \$540.3 million to \$682.4 million, as a result of \$106.3 million in contributions and transfers, investment gains of \$81.3 million, and distributions and withdrawals paid to participants of \$45.5 million.

Designed with high standards of quality and service, the CalPERS 457 Plan is a way to defer a portion of pre-tax salary into investments of an individual's choosing. It is a deferred compensation program that allows both the amount deferred and the amount earned on the investment to be protected from income tax until the money is taken out during retirement. The program complements the retirement benefit plans offered by CalPERS.

State law enacted in 1990 allows CalPERS to make the plan available to all California public agencies, including counties, cities, special districts, and school districts. The CalPERS 457 Plan meets all federal requirements of eligible deferred compensation plans organized under the Internal Revenue Code.

The CalPERS Board controls the investment and administrative functions of the plan, and assets are held in trust by the Board for the exclusive benefit of participating employees, which adds security.

The CalPERS 457 Plan offers participants 17 investment options. During the 2006/07 fiscal year, CalPERS introduced an enhanced fund line-up of nine new core funds closely tied to CalPERS investment products and managers. Representing all major sectors of the stock and bond markets, the funds provide more effective asset class coverage and portfolios based on age, risk tolerance, time of distribution and market conditions, as well as choices of conservative, moderate or aggressive life-style fund investments in diversified portfolios.

Participating Public Agency Summary

Counties	17
Cities	93
Community Services Districts	25
Police & Fire Protection Districts	44
Health Agencies	5
Housing Authorities	9
Insurance Groups	11
Irrigation/Reclamation Districts	10
Libraries	13
School Districts	132
Water Districts	70
Other Districts	100
Other Public Agencies	72
Total	601

Also new in 2006/07, CalPERS added Target Date Retirement Funds, a style of asset allocation funds based on target retirement dates. A Self-Managed Account option is also available that allows selections from more than 5,000 mutual funds in hundreds of fund families.

CalPERS also added new services to make account management more efficient. A Web-based payroll administration system allows employers to electronically transmit data and funds for their employee's contributions, and participants can manage their accounts online — from re-distributing existing balances to beneficiary changes. Reallocation can also be done via an Interactive Voice Response system.

The CalPERS 457 Plan delivers its investments and services at low cost through a simple fee structure. There are no hidden costs or restrictions on investments. Total fees for administration and investment management of the core funds are less than one percent. The new fund line-up resulted in a 20 percent reduction in the total average weighted fee. This is the total cost to the average participant. Lower fees allow participants to invest more and earn returns, building up their account over time.

The financial statements for this plan are in this report as part of the Financial Section and the accompanying notes and schedules.

LONG-TERM CARE PROGRAM DATA

The CalPERS Long-Term Care (LTC) Program is an insurance program that provides financial protection to members from the high cost of extended personal care that may be caused by illness, injury, or the frailty of old age. Six out of every 10 people over the age of 65 will need long-term care during their lifetimes. Long-Term Care policies are useful because personal care services are not covered by traditional health insurance or Medicare.

The CalPERS LTC Program is a member (policy holder) self-funded program that offers LTC policies with different benefit and time duration options. During fiscal year 2006-07, LTC membership remained stable at 172,042 covered lives, and annual premiums of \$241.5 million.

The Program's total investments grew to \$2.2 billion, and \$87.3 million in benefits were paid on behalf of members — bringing the total benefits paid since the Program's inception in 1995 to \$396.3 million.

The CalPERS LTC Program continues to be one of the largest of its kind in the nation, devoted to providing the best long-term care coverage possible with affordable premiums.

The financial statements for this Program are found in the Financial Section and the accompanying notes and spreadsheets.



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